Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.50	Philippines	Pso40
Belgium	BFr60	Italy	L2200	Poland	Zl 11,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es175
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	FM8.50	Lebanon	L£1,000	Singapore	S$4.10
France	FFr7.50	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malta	45 cents	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.850
India	Rs20	Norway	NKr13.00	Turkey	L3000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Friday April 26 1991

D 8523A

AIR TRAFFIC
Voice and radar out on cassette
Page 12

World News

WHO forms task force to fight cholera epidemic

The World Health Organisation (WHO) launched a global task force to counter a massive outbreak of cholera in Latin America which, WHO said, threatened up to 120m people. There have been 177,000 new cases of the disease this year.

Ethiopian claim

Ethiopian rebels said they had captured Ambo, 105km west of the capital Addis Ababa, and were pushing on to "finish" the government of President Mengistu Haile Mariam.

Two FT journalists killed in Kuwait

Two Financial Times' journalists, David Thomas, Natural Resources Editor, and Alan Harper, Staff Photographer, died on Wednesday when their car was engulfed by flames in the oilfields of Kuwait.

Three people travelling in two trucks also died in the accident on the road from the Burgan oilfields to Al-Ahmadi. The road runs through fiercely blazing oil wells lit by retreating Iraqi troops.

The two journalists were part of an FT team working on an important project covering reconstruction of Kuwait after the Iraqi invasion.

Richard Lambert, the Editor, said: "David and Alan were in the finest traditions of FT journalists, full of integrity, commitment and flair. This is a terrible loss for their families and friends, and for the newspaper." Obituaries, Page 11; Thomas on nuclear energy, Page 19; Harper picture, Page 20

Pollution scandal

South Korean President Roh Tae-woo fired his environment minister Kwon Hwi-hyuk over a tap water pollution scandal that affected millions of homes.

Polish boss quits

Wieslaw Panter, chief executive of the Krosno Glass Factory, one of Poland's first private companies, resigned after his company's shares fared badly during the opening two sessions of Warsaw's stock market.

Athens expels 200

Greece is to expel about 200 Palestinians next week. The decision follows a bomb blast in which seven people died, including a Palestinian student carrying the explosives.

Gas leak kills 5

Five people were killed by a gas leak at a drug plant in India and three people, including the factory owner, were charged with negligence.

Egypt buys F-16s

Egypt is to buy 46 Turkish-made F-16 fighters worth about $1.3bn, financed through US military loans. Page 6

Cars blown up

Six cars parked near a Tokyo military base exploded into flames in an apparent protest against Japan's decision to send six minesweepers to the Gulf. Page 4

Business Summary

Brussels warns of cartel crackdown

European Commission warned of a crackdown on cartels following this week's raids on the offices of 15 carton-board-making companies. "We're getting tougher all the time", said a senior EC official, adding that it was a priority of Sir Leon Brittan, the competition commissioner, that "we should be on the lookout for cartel activities". Page 20

FORD, US carmaker, is planning to cut around 2,500 jobs or 12 per cent of its salaried workforce in Europe over the next three years. Page 11

MITSUBISHI Motors and Volvo of Sweden are expected to announce shortly a preliminary agreement which could lead to the Japanese car maker taking a substantial minority stake in Volvo Car BV, the Dutch producer. Page 21

HDTV: efforts to achieve a common European approach to introducing high-definition television are close to completion. Page 20

UK ECONOMY: more than half of the Treasury's £3bn ($5.1bn) public spending contingency reserve has been wiped out within just three weeks of the start of the current financial year. Page 20

MARKETS: Dow Jones Industrial Average was down 1.73 at 2,947.77 at 1.30pm. Frankfurt: DAX index closed 16.72 higher at 1,620.45. Markets, Section II

DOLLAR: At the finish in London it had fallen to DM1.7470 from DM1.7535; to Y138.00 from Y138.05; to SFr1.4655 from SFr1.4715; and to FFr5.8900 from FFr5.9125. Its index rose to 66.7 from 66.5. **STERLING**: At the close of London trading it eased slightly to $1.6940 from $1.6945 and also fell to DM2.9600 from DM2.9725; to FFr9.9775 from FFr10.0175; to SFr2.4825 from SFr2.4925; and to Y233.75 from Y234.00. Page 20; Currencies, Page 44

SIEMENS, German electronics group, and GPT, the largest UK telecommunications manufacturer, have agreed to merge their UK distribution companies for computerised switchboards. Page 21

UNISYS, struggling US computer company, reported continuing heavy losses for its first-quarter. Page 21

NORSK HYDRO, Norway's biggest company, reported lower first-quarter pre-tax profits of NKr1.069bn ($156m) against NKr1.624bn a year earlier. Page 23

ADIA, Swiss-based international employment and services group, disclosed a 43 per cent fall to SFr115m ($78m) in net consolidated earnings in 1990. Page 23

COMPAQ Computer's stock price dropped sharply in early trading when the company said second-quarter earnings were expected to be below those of the same period last year. Page 22

ALCAN Aluminium warned that it would be forced to reconsider its 1991 capital spending of C$900m ($776m) and its dividend policy if the global recession continued and aluminium demand remained stagnant. Page 22

Pavlov says he may include other groups in his government

Soviet PM's offer steps up momentum towards compromise

By John Lloyd in Moscow

MR Valentin Pavlov, the Soviet prime minister, said yesterday he was prepared to include in his government representatives of "other movements" in an effort to "broaden its social base".

Mr Pavlov's offer, at a plenary session of the Communist party central committee, remained vague but appeared to continue the momentum towards compromise in the Soviet Union.

This movement was begun with an agreement to establish order and end the wave of strikes throughout the country which was signed by Soviet President Mikhail Gorbachev, Mr Boris Yeltsin, who heads the Russian Federation, and eight other republican leaders.

At the same plenum, Mr Gorbachev made an emotional if ritual offer of his resignation as party general secretary after a trial by criticism from several conservative central committee members.

The offer, like others he has made over the past two years, was immediately and heavily turned down by the party Politburo.

Mr Gorbachev has made full play of the agreement on Tuesday with the republican leaders, arguing that it opened the way to a new period of reform. However, it appeared to be taking no immediate effect yesterday as strikes continued in the main coalfields and in Belorussia.

A token one-hour strike at the end of the working day, called by the democratic Russia movement and the Federation of Independent Trade Unions, is to go ahead today.

Strikers in Minsk, the Belorussian capital, held a mass meeting in the city centre to demand an emergency session of the republic's Supreme Soviet – a demand which has so far been refused. Demonstrators in the city of Orsha were reported still to be blocking the town's railway station and threatening to block the transit of imports from the west.

In Leningrad, there were threatened strikes both of metro construction workers and those at the Kirov plant – while Soviet air traffic controllers have threatened stoppages from May 21 if their demands for a trebling of pay and part-payment in hard currency, are not met.

Mr Yeltsin's supporters and the strike leaders were expressing doubt and surprise yesterday over the agreement. Mr Alexander Aslanidi, a leader of the Kuzbass miners, said that "we are awaiting full clarification of the agreement. Let the man who signed it [Yeltsin] explain it. Why should we stop political strikes when there is no political dialogue?"

Mr Lev Ponomaryov, a co-chairman of Democratic Russia, said: "There are phrases in the agreement I dislike very much", citing as an example the call for an end to strikes. However, he said the agreement to hold elections for the Supreme Soviet by the end of the year was "to a certain extent a fulfillment of the political demands of the miners".

Mr Leonid Volkov, a leader of the Social Democratic movement in the Russian parliament, said: "I think it was a tactical victory by Gorbachev but I am not sure Yeltsin fully understands all the consequences. Some of his [Yeltsin's] supporters are even talking of putting forward another candidate for Russian presidency."

Mr Pavlov's offer, however, by holding open the prospect of a more broadly based government – called for by both Mr Yeltsin and Mr Gorbachev – could deprive the radicals of a significant plank in their criticism of the Soviet government and presidency.

The impression of a government searching for compromise and agreement was strengthened last night when it emerged that Mr Nikolai Petrakov, the radical economist – and Mr Gorbachev's chief economic adviser until his resignation last year – had been called before the Central Committee plenum to explain his criticisms of the programme of measures introduced this week to combat the crisis.

Soviet paratroopers yesterday seized sports facilities and two small airstrips in Lithuania, according to the independent Lithuanian news agency Elta. The actions appeared to be a continuatioon of the pressure on the republic's government by the Soviet troops who had occupied a bank building on Wednesday.

Prophet of doom stirs Kremlin, Page 3

Soviet president Mikhail Gorbachev: offer to step down

Allies order Iraq to pull armed police out of Zakho

By Nancy Dunne in Washington, Victor Mallet in London and Ian Davidson in Paris

THE US, Britain and France have told Iraq through the United Nations to withdraw armed police from the Zakho area in the north of the country by "early this weekend" or face the threat of force.

Mr Marlin Fitzwater, the White House spokesman, said yesterday that Mr Thomas Pickering, the US ambassador, had delivered a diplomatic note to Mr Abdul Amir al-Anbari, the Iraqi UN representative, on Wednesday night.

The action was taken after consultation among the allies to avoid any "accidents" or armed confrontations and to encourage Iraqi Kurds to return from the mountains to the refugee camps being built and secured by the allies.

"An atmosphere of security is essential to facilitating the relief operation," Mr Fitzwater said. "The presence of Iraqi security forces goes counter to conveying such an atmosphere."

He said there had been indications that the Iraqis were prepared to yield to the order.

Zakho remains tense, however, and on Wednesday night British commandos were involved in a confrontation with Iraqi policemen who tried to drag away a Kurd injured in a car crash.

About 2,300 US, British, French and Dutch troops have moved into northern Iraq after ordering Baghdad to remove two Iraqi army battalions from the frontier town. Baghdad complained about the order, eventually complied and then sent armed police – reportedly secret police – instead.

Mr Fitzwater said the zone to be cleared of the "intimidating presence" stretched for several miles around Zakho. He refused to cite a specific deadline "because we don't want to raise tensions higher than they might otherwise be."

The US, British and French ambassadors at the UN also presented a number of other demands to Mr al-Anbari relating to the Gulf war.

They referred to Iraq's failure to give a full list of its arsenal of weapons, to Kuwaiti complaints about Iraq's continued detention of Kuwaiti citizens and property, and to the lack of progress on demarcating the Iraq-Kuwait border.

Bessmertnykh to make surprise Israel visit

By John Lloyd in Moscow and Hugh Carnegy in Jerusalem

A SURPRISE announcement of a visit to Israel next month by Mr Alexander Bessmertnykh, the Soviet foreign minister, may bring agreement on renewing full diplomatic relations cut by Moscow during the 1967 Six-Day War.

Mr Bessmertnykh made clear, following a meeting yesterday with Mr James Baker, US secretary of state, in the north Caucasian town of Kislovodsk, that the Soviet Union was poised to play a key role in the search for a Middle East peace settlement.

He said Moscow would give a "positive response" to the US proposal that it co-sponsor a regional Middle East peace conference. Israeli officials, who have said that Moscow cannot take part in the proposed conference without the restoration of full relations, said yesterday they had received no prior notice of Mr Bessmertnykh's visit. But they said such a visit would be a welcome step towards restoration of the diplomatic ties.

Moscow is understood to be ready to renew full links.

On regional peace, the Soviet foreign minister laid out a three-stage negotiating process: first, the holding of a regional peace conference; second, separate talks with the Palestinians; and finally, a "representative international peace conference", in which both regional and world powers would participate.

The solution sought, he said, should suit the Palestinians and "not annoy anyone else". Mr Baker, who arrived in Israel last night for his second round of talks there in a week, said after the meeting with Mr Bessmertnykh that there was now a better chance than before of achieving a settlement in the region, although he added that there were still "considerable obstacles".

Israel has made it clear from the start it does not oppose Soviet co-sponsorship of a proposed regional peace conference. However, officials said the government would continue to resist other features ~~sought by Mr Baker in~~ talks he is scheduled to hold today in Jerusalem with Mr Yitzhak Shamir, prime minister, Mr David Levy, foreign minister, and Mr Moshe Arens, defence minister.

The two sides are at loggerheads over continued expansion of Jewish settlement in the occupied territories, which Mr Baker criticised sharply when in Syria earlier in the week. Mr Shamir has repeatedly refused to back down on the issue.

Mr Bessmertnykh also predicted that a compromise on the conventional forces in Europe (CFE) treaty, signed last November but not ratified because of a dispute, was now emerging. He revealed that US President George Bush had sent a letter to Mr Mikhail Gorbachev, his Soviet counterpart, on the issue. The Nato allies have accused the Soviets of redesignating army divisions as naval marines, and of "hiding" tanks to stop them from being destroyed.

The dispute has cast doubt on the holding of a US-Soviet summit before the end of June – doubt which the Soviet Foreign Ministry has continually sought to dispel. However, no date was announced at the talks yesterday.

Gatt members in drive to end trade talks by end of the year

By William Dullforce in Geneva

MEMBER countries of the General Agreement on Tariffs and Trade (Gatt), including all the leading trading powers, yesterday agreed to reorganise the international trade talks in the hope that they could be concluded by the end of this year.

But their hope depends on two crucial developments occurring outside the forum for the talks in Geneva:

- The US Congress has to agree by the end of May to the continuation of President George Bush's "fast-track" authority to negotiate trade agreements;
- The European Community has to give within the next four months what one negotiator called "an unmistakable signal" of its readiness to go further than it has done so far in negotiating the reform of world farm trade.

Agriculture was the issue which brought about the collapse of the meeting of world trade ministers at Brussels in December, which was to have concluded the four-year Uruguay Round of trade liberalising talks.

Delegations in Geneva yesterday approved a proposal by Mr Rubens Ricupero, Gatt chairman, that the 15 subjects which had been under separate negotiation in the Round be concentrated into seven groups under different moderators.

Mr Arthur Dunkel, Gatt director-general, will lead the agricultural talks and also chair the group handling textiles and clothing.

Mr Germain Denis, Canada's assistant deputy minister for international trade affairs, will take charge of the market access group which will negotiate reductions in tariffs and non-tariff barriers and the lowering of obstacles to trade in tropical goods and in products based on natural resources.

Negotiations on a Gatt agreement to protect intellectual property rights remain under the guidance of Mr Lars Anell, Sweden's ambassador to Gatt.

Talks aimed at reaching rules governing foreign investment are being incorporated into a "rule-making" group under Brazil's Mr Georges Marciel. This group will deal with a heterogeneous mixture, including anti-dumping action, subsidies, safeguard measures, technical barriers to trade, rules of origin and government procurement.

Mr Julio Lacarte-Muro, Uruguay's ambassador, retains responsibility for talks on improvements to Gatt's dispute settlement system, functioning and institutional practices, which were already close to success in December.

The new groupings are expected to meet by the middle of May and set agendas for the rest of the year. Mr Dunkel stressed that the new negotiating structure was designed to achieve political breakthroughs.

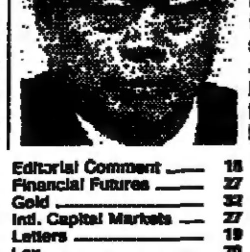
But many negotiators consider that serious talks are likely to restart only in September, if by then the US administration has renewed negotiating authority and the EC has given the required signal on agriculture.

Weekend FT

Tomorrow: two years after Tiananmen, China is still suffering
●
Why Bordeaux's wine lake is overflowing

CONTENTS

Japan re-enters the fray in defence of its trade surplus



For Japanese trade ministers visiting Washington the agenda may change, but the underlying issue is always the same – the size of Japan's trade surplus. Eiichi Nakao sets off for the US today.
Page 4

MARKETS

STERLING
New York lunchtime:
$1.693
London:
$1.694 (1.6945)
DM2.96 (2.9725)
FFr9.775 (10.0175)
SFr2.4925 (2.4925)
Y233.75 (234.00)
£ index 90.8 (91.20)

GOLD
New York: Comex Jun $
London:
$353.55 (357.30)

N SEA OIL (Argus)
Brent
$(19.325)

Chief price changes yesterday: Page 21

DOLLAR
New York lunchtime:
DM1.7465
FFr5.899
SFr1.46835
Y138.15
London:
DM1.747 (1.7535)
FFr5.89 (5.9125)
SFr1.4655 (1.4715)
Y138.0 (138.05)
$ index 66.7 (66.5)
Tokyo close: Y137.87

US lunchtime rates
Fed Funds $5\frac{15}{16}$%
3-mo Treasury Bills: yield: 5.77%
Long Bond: $96\frac{3}{32}$
yield: 8.2%

STOCK INDICES
FT-SE 100:
2,482.1 (−8.5)
FT Ordinary:
1,943.9 (−8.6)
FT-A All-Share:
1,202.38 (−0.3%)
New York lunchtime:
DJ Ind. Av.
2,947.77 (−1.73)
S&P Comp
381.54 (−1.22)
Tokyo: Nikkei
26,038.86 (−291.35)

LONDON MONEY
3-month interbank:
closing $11\frac{3}{8}$% ($11\frac{13}{16}$)
Liffe long gilt future:
Jun $92\frac{11}{32}$ (92)

Hold the line on inflation, says Bundesbank

By Andrew Fisher in Frankfurt

THE Bundesbank yesterday made a powerful appeal to western countries not to relax their vigilance against inflation and to reject the idea that more employment could be achieved through steeper price rises.

In its annual report, the German central bank said it was too early to sound the "all clear" on inflation. A lasting decline in interest rates could only occur on the basis of stable monetary policies.

Coming ahead of Sunday's Group of Seven meeting in Washington, the Bundesbank's statement reinforced its commitment to a tight monetary policy at a time of growing inflationary pressures. The bank is resisting US pressures to ease its policies.

Bundesbank officials have expressed concern about the level of domestic wage settlements – running at about 7 per cent – and the likely impact of tax rises on inflation. The bank built in a low price increase level of 2 per cent into its money supply goal for 1991, but economists now expect the consumer price index to be nearer 4 per cent by the year-end.

The Bundesbank did not say so in its report, but it has made clear it has no intention of lowering interest rates for some time. It last raised its discount and lombard rates by half a point to 6.5 and 9 per cent respectively on January 31. Economists in Germany and abroad feel a further rise is possible later this year.

Although countries' different economic conditions provided scope for varying interest rate developments, the Bundesbank said: "It should not be overlooked that inflationary pressure remains high worldwide." Despite the cooling down of the world economy, inflation rates in the most important industrialised countries had been above those of 1989.

The bank also said it saw little chance of success in attempts to stabilise trends in foreign exchange markets, such as the dollar's movement, through intervention, though occasional interventions could calm markets.

David Marsh adds from Bonn: Mr Reimut Jochimsen, the German central banker in the midst of a row over streamlining the structure of the Bundesbank, has urged the government to compromise to avoid a damaging political flare-up.

Mr Jochimsen, president of the regional central bank of North Rhine-Westphalia, opposes the plan of Mr Karl Otto Pöhl, the Bundesbank president, to lower the number of state (Land) central bankers on the Bundesbank's policy-making council.

Mr Jochimsen, a member of the council since last August, urged the Bonn government to support his compromise proposal to increase the number of Land central banks by one to make allowance for German unification. Mr Pöhl, by contrast, has suggested cutting the number from the present 11 in west Germany to eight in united Germany – an idea backed by the majority of the Bundesbank's 18-man council.

An old woman takes water from a well in Oparchichi near Chernobyl. She is among 1,200 peasants who have returned to the desolate 30km zone where cows graze on contaminated grass and children are banned

British team to help Chernobyl clean-up

By David Fishlock, Science Editor

A British industrial consortium has been invited to help the Soviet Union clean up radioactive contamination in rural areas. The Chernobyl nuclear reactor exploded five years ago today.

SAC Hitech, part of the Ricardo engineering group, is heading a consortium which includes Ove Arup and AEA Technology, in a £600,000 pre-feasibility study of fallout in the Russian Federation, about 250km from Chernobyl.

It is the first phase of a four-phase programme involving about 110,000 people who may have to be moved to other areas because they are still receiving too much radiation.

The problem is the radio-isotope caesium-137 in the nuclear fuel ejected in the explosion, and washed out by rain over large tracts of the Russia.

The fallout emits gamma-rays and fine particles can contaminate people directly by its radiation, and by being ingested with food or breathed into the lungs.

SAC Hitech has been negotiating with the Moscow authorities for over a year, since the Russian Federation first revealed the extent of its fallout problem, said Mr Mark Ryan, project manager.

The engineers brought in the AEA Technology's environment and energy activity at Harwell for its radiological experience, and Ove Arup to help plan new accommodation and work for affected people.

The Russians are providing £100,000 in hard currency, but SAC Hitech is adding a further £500,000 as an investment in what it believes could yield major engineering business for the UK, Mr Ryan said.

He plans a project office in Moscow alongside a Soviet team, with much of the local expense expected to be met in roubles.

The pre-feasibility study will take seven months or more and help define what is currently seen as a £2m feasibility study. The main objective is to minimise disruption and improve "quality of life" for the affected Soviet citizens.

The complete programme could take as long as ten years, Mr Ryan said.

AEA Environment and Energy will be advising on ways to reduce the radiation dose to people, said Dr Alan Eggleton of Harwell. He said Soviet assessment of fallout in Russia had been fairly crude and the project's first step would be a comprehensive radiological assessment.

Slovak PM falls victim to tide of economic reform

Leslie Colitt reports on the political demise of a volatile 'hero' who clung to the past

BEHIND this week's downfall of Mr Vladimir Meciar, the volatile and highly popular prime minister of Slovakia, lay deep-seated economic differences with Prague over the future of economic reforms.

Mr Meciar strongly opposed the radical free market reforms of Mr Vaclav Klaus, the Czechoslovak finance minister. Slovakia, an agrarian backwater only 40 years ago, was saddled with huge armament factories and processing industries under the communists. Economic restructuring now threatens mass unemployment in a region where the standard of living – in sharp contrast to the Czech republic – has risen since 1948.

Mr Jan Carnogursky, who sought confirmation last night from parliament as the new Christian Democratic prime minister of Slovakia, is aware that collectivism and reliance on the government is stronger among Slovaks than among more individualistic Czechs. Despite deep-seated Slovak fears of economic reforms, he also realises that impoverished Slovakia, with only 5.5m people, can ill afford to follow a separate economic route from the 10m Czechs.

He will attempt, however, to squeeze every Koruna he can get for Slovakia out of the Czechoslovak budget. As the man who first raised the threat of Slovak independence last year, Mr Carnogursky can be counted on to play the separatist card, to gain greater economic aid for Slovakia.

His more recent statements on the need for Slovakia to remain in the Czechoslovak federation give rise to hopes in Prague that he will not compete with Mr Meciar on the incendiary issue of Slovak independence. There could be no greater contrast between the shy, ascetic-looking Mr Carnogursky, who was first deputy prime minister until this week, and the extrovert, bull-necked Mr Meciar, who is idolised by ordinary Slovaks.

Mr Meciar threatened that after a month of peace for the new government he would march on Bratislava with the jobless and starving and demand to know what the government would do for them. More than 50,000 of his supporters – in the biggest demonstration in Bratislava since the communists' overthrow in November 1989 – demonstrated on Wednesday evening, demanding his reinstatement and hurling paving stones at parliament.

Mr Meciar's erratic behaviour as prime minister was an important reason the main body of his Public Against Violence (PAV) movement – the Slovak counterpart of Civic Forum in Prague – joined with Mr Carnogursky to oust him.

Mr Meciar angered the PAV leadership by forming a rival group, PAV-Platform for a Democratic Slovakia, which aims to put the brakes on the economic reforms.

Not surprisingly, his main allies are the former communists in Slovakia who regard Mr Meciar, himself a former communist youth movement functionary, as a guarantor of social justice.

Unification lifts hopes in German crane market

Andrew Baxter on the big construction build-up

FRESHLY-PAINTED in the black, red and yellow of Germany's national flag, a small piece of history on wheels adorns the rooftop of a car showroom in Wilhelmshaven, a windswept refinery town on Germany's north-west coast.

The squat-featured Trabant, one of thousands that chugged into action during the exodus of east Germans from their country in 1989, might seem an odd trophy in a town much closer to the Netherlands than the former East Germany.

But even here the effects of unification are rippling through the local economy – and nowhere more so than at the town's biggest industrial employer, Krupp Industrietechnik (KI), part of the Krupp industrial conglomerate.

In a wartime submarine plant on the shoreline, Germany's second-biggest mobile crane producer is spearheading an assault on an eastern German market recast by unification.

The German crane-makers and their customers – rental companies from east and west, "cross-border" joint venturers, former east German *kombinats* that have become limited companies, and east German entrepreneurs – are being carried along by a wave of speculative buying ahead of an expected construction boom.

Nobody can be sure how and when this will happen, although independent observers of the world construction industry such as the Corporate Intelligence Group say east Germany will be the major European growth market in the 1990s.

"The east is so far behind that the construction and reconstruction task has a size beyond imagination," said a study by the London-based analyst late last year. On top of this, the east's machines are "old, technically very backward, either too large or too small, too noisy, too polluting and have very low output levels".

With the world construction equipment industry's more mature western markets in varying depths of recession, it is not surprising that producers are making tracks to east Germany in a big way.

It could be 10 or 20 years before some of the prospects bear fruit, observers believe. But the crane market is one of the first where words have been matched by orders, as a result of the happy proximity – and shared nationality – of the target market and the best-placed suppliers.

The west German producers

The German crane-makers and their customers are being carried along by a wave of speculative buying ahead of an expected construction boom

have a stranglehold on the old domestic market, which over the past decade has been increasingly concentrated around the two big domestic producers, KI and Liebherr. Liebherr is technically Swiss-owned but unmistakably German in its background.

The catalyst for this change has been the heavy spending required to develop the multi-axle "all-terrain" crane, with extra large tyres, a shorter chassis, and all wheels independently driven.

Now German producers have about 90 per cent of the worldwide all-terrain market which they pioneered. "We German crane fellows give each other a tough time at home, and that's the engine for export growth," says Dr Frithjof Timm, KI's sales director.

Over the past year the all-terrain cranes have proved to be ideal for east German conditions – especially its roads, which could more accurately be described as "off-roads", Dr Timm quips.

A new Corporate Intelligence report estimates that 150 cranes were sold for use in east Germany last year. The enthusiastic Dr Timm puts the figure at 180, and says KI sold two thirds of them.

By comparison, annual sales in the former West Germany stuck doggedly at 400-450 units between 1984 and 1988, before picking up in 1989 because of a housing boom prompted by the flood of refugees from the east.

The "east German effect" has been a godsend for KI, which has long played second fiddle to Liebherr. In the mid-1980s the Wilhelmshaven company adopted a high-volume production policy, investing heavily in new products and facilities, but it is understood the crane business did not make a profit until last year.

Already unification has created a domestic market with sales of 1,073 mobile crane units last year, compared with 1989 sales of 584 in the west and an estimated 200 in the east.

But this big increase in capacity, spurred more by confidence and tax incentives than hard evidence of construction activity in the east, may be too much for the work immediately available.

For the customers operating in the east, the crucial factor in determining the success of their gamble will be funding for construction work in the next few years, and how quickly it is organised.

Corporate Intelligence says that, so long as work can reach a satisfactory starting level by next year, the cranes bought between 1988 and 1992 should not amount to a great excess of capacity. It warns, however, that there must be a cyclical downturn at some point after 1992, and forecasts a steady decline in the new unified market to 705 units by 1995.

One forecast is rather easier: the two east German producers Babelsberg and Zemag will be hard pushed to sell any of their puny, antiquated truck-mounted cranes in the uplifting environment of the unified German market.

Greek workers stage privatisation protest

By Kerin Hope in Athens

MORE than 30,000 workers from a group of Greek companies due to be privatised staged a one-day strike yesterday to protest against plans to speed up closures of plants that are failing to attract buyers.

The workers say the government should instead adopt a proposal by the Greek Industrialists' Federation to offer some companies to the private sector on short-term leases.

Only two out of 28 debt-burdened industrial companies due for privatisation this year have been sold.

The state-controlled Industrial Reconstruction Organisation, which makes payments on their accumulated debts of over Dr200bn ($1.05bn), plans to liquidate another 14 companies shortly.

Among them are several textile plants, white goods manufacturers and a paper mill. All are considered unlikely to find buyers.

Last year about 6,000 workers from IRO companies were offered a year's retraining on full pay, but no such provision was made for the remainder.

Just over 8 per cent of the Greek workforce is unemployed. But the Industrialists' Federation says that one in three workers in the 18-23 age group cannot find a job.

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Red faces as Spain's socialists air their differences

By Peter Bruce in Madrid

THE British Chancellor's remarks about car telephones being a modern day scourge came true in Madrid yesterday, when the entire pious panoply of Spanish politics seeped unceremoniously out of a cellular telephone belonging to Mr Txiki Benegas, the third most powerful man in the governing Socialist Party.

Meet "the dwarf" (Finance Minister Carlos Solchaga), "el One" (Prime Minister Felipe Gonzalez), and "el Catalan" (his deputy, Mr Narcis Serra).

On April 18 Mr Benegas, administrative director of the socialist party, was in his car when he made, or received, two calls from party associates during which they talked about forthcoming local elections and Mr Solchaga's dismissal of a party proposal to finance cheap mortgages for poor homebuyers by making banks set aside funds for the project. The issue had poisoned already delicate relations between Mr Solchaga and the party and an embarrassed Mr Gonzalez, who also thought the party's idea a poor one.

As is possible with cellular networks, the conversations were picked up and Spaniards spent most of yesterday listening to them on a commercial radio station.

Caller: "What is Solchaga trying to do? He is going to destroy our election strategy ... Why? He wants to go into a general election with a new team in Ferraz (party headquarters in Madrid). He's not stupid."

Benegas: "No, he's not stupid. I'll tell you about how cocky he gets with me... (but) the problem here isn't Solchaga, its with 'el One'."

The caller then goes on to say that it is no longer just a personal problem between Mr Solchaga and Mr Alfonso Guerra, a sworn political enemy and former deputy prime minister who is still deputy party leader. "If the Catalan starts opining as well he'll do it much more carefully, if at all."

Benegas: "No, no, the Catalan is on the fence... what the Catalan knows is that the problem that this government has is, precisely, The Dwarf."

Mr Benegas said the broadcasting of his conversations were a form of "telephonic terrorism" and proved no Spaniard was safe any more. Mr Solchaga, cornered by reporters, was laughing too hard to say more than that he did not take the remarks seriously.

But it is becoming increasingly clear that the fight between Mr Solchaga and the party is widening into one between the government and party and that Mr Gonzalez will have to act forcefully to stop it. Senior party officials, who regard Mr Solchaga as too conservative, have been trying to trip him up for more than a year.

Ex-Gorbachev aide explains 'empty' policies of anti-crisis plan

Soviet Union's prophet of doom

By Leyla Boulton in Moscow

PROFESSOR Nikolai Petrakov, former economic adviser to President Mikhail Gorbachev, has emerged as the foremost public critic of the Soviet government's latest anti-crisis plan.

His analysis savages the programme, describing it as an ill thought out series of measures without a political base.

The leading Soviet economist, who quit his Kremlin job in January because of the government's disastrous economic policy, says in a critique of the new plan – completed on Monday and thus before the Gorbachev-Yeltsin accord was announced – that "its phraseology is modern and progressive, while its content amounts to tough administrative measures".

On the one hand the programme adopted by the Soviet parliament on Tuesday sets out essential principles for switching to a market economy: a cut in state spending, price liberalisation, privatisation and demonopolisation.

But on the whole, there is "no clear mechanism" for the successful implementation of these measures, Prof Petrakov writes.

Mr Petrakov's criticisms, though trenchant, are still taken seriously in the Kremlin – and some of them may yet modify the still developing government plan.

The suggestions yesterday that Mr Valentin Pavlov, the Prime Minister was prepared to form some sort of coalition government could also mean the adoption of some of the radicals' ideas.

Although the recent joint declaration between President Gorbachev and Mr Boris Yeltsin may help provide the political support Prof Petrakov cited as a prerequisite for necessary reform, the programme still suffers from a number of contradictions.

While calling for "emergency budgets" to tackle runaway spending, the government plan does not spell out areas where cuts can be made, apart from calling for a moratorium on new spending.

The 13-page analysis by Prof Petrakov says an inventory of traditional expenditure would offer a real chance of "finding reserves" for budget cuts.

He and other proponents of radical economic reform have consistently singled out the military-industrial complex as an important source of inflation because of the money printed to support it.

"Without a sharp decrease and redistribution of resources devoted to the military industrial complex, structural readjustment and anti-inflationary measures are in general impossible," says Prof Petrakov. He believes that this sector accounts for at least 15 to 18 per cent of GNP, compared to the official figure of 6.4 per cent.

As for the government's plan to liberalise prices by October 1992, he said this would cause galloping inflation in the absence of resolute measures to break up and privatise state monopolies and to overcome severe shortages.

To deal with shortages, the government proposes tax incentives for enterprises to produce more food and consumer goods, as well as the privatisation of two-thirds of small businesses by the end of next year.

While proclaiming the need to take medium and large-scale enterprises out of state hands (without a specific time-scale), Prof Petrakov says the state is leaving itself ample room to interfere, both with the running of enterprises, and their privatisation.

Yeltsin yesterday: his accord with Gorbachev may help reforms

EUROPE IN BRIEF

Sharp rise in French jobless rate

French unemployment grew sharply last month, from 2,587,200 in February to 2,603,100 in March. This takes the unemployment rate to 9.3 per cent, an increase of 0.1 per cent each month since December, writes Ian Davidson in Paris.

Meanwhile the National Statistics Institute revised its inflation-adjusted estimate for the fall in fourth quarter 1990 gross domestic product (GDP) to 0.2 per cent from the 0.4 per cent estimated in February.

The French government is planning to freeze government spending next year.

For the first time for several years there will be no reduction in the size of the nominal budget deficit, which will be kept at FFr80bn ($14.26bn).

Jovic warns of civil war

Mr Borisav Jovic, the president of Yugoslavia, yesterday warned the country could slide into civil war unless the leaders of the six republics find a solution to the deepening political crisis, writes Laura Silber in Ljubljana.

He said the ongoing talks between the presidents of the six republics "have not achieved anything but have led to a sharper polarisatikon of views."

Too soon for links with Nato

The new democracies of central and eastern Europe, such as Hungary and Czechoslovakia could not, for the moment, expect to establish formal membership links with Nato, Mr Manfred Wörner, Nato secretary-general said in Prague yesterday, writes Robert Mauthner, diplomatic correspondent.

Mr Wörner told a conference on the future of European security that Nato did not seek a shift of balance or an extension of military borders to the east, nor could it provide former members of the Warsaw Pact with formal security guarantees.

"At the moment, what Nato can offer is a multiple and intensive web of relations which does not exclude the Soviet Union, but wants it to be a constructive and creative partner as well."

Power workers continue strike

Efforts were continuing last night in Ireland to bring an end to a strike by electricity workers which has caused three days of chaos throughout the country, writes Kieran Cooke in Dublin.

Electricians at the Electricity Supply Board (ESB), Ireland's state run power monopoly, are striking for more pay.

The government has warned of the serious economic consequences of the strike and says the electricians must return to work while a peace formula is being considered.

Aho's swift rise takes observers by surprise

By Enrique Tessieri in Helsinki

THE SWIFT rise to the limelight of Finnish politics by Centre party leader Esko Aho, 37, who formed a new government yesterday, has taken political observers by surprise. Few Finns had heard of Mr Aho before last summer, when he was elected to the helm of the Centre party leadership.

A father of three who was raised on a farm in western Finland, Mr Aho has been active in politics since his youth. He was elected to parliament from his native village of Veteli at the age of 28, and has now become the country's youngest-ever prime minister.

Views differ concerning the factors behind Mr Aho's success. Some believe that last month's election victory by the Centre at the expense of the ruling Social Democrats and conservative Coalition party was in part a vote against European integration.

Others believe that the economic policies of the Blue/Red government, which was made up of the Social Democrats, Coalition and Swedish People's party, helped the Centre to become Finland's largest party after a 25-year reign by the Social Democrats.

Mr Aho's friends say he is modest, discreet, pragmatic and intelligent. His adversaries, however, describe him as banal and without any clear political convictions.

After the end of the war, Finland has maintained a special relationship with its giant neighbour, the USSR. Friendly relations between Helsinki and Moscow were mainly forged by one of the main architects of Finnish consensus, the late President Urho Kekkonen, who also belonged to the nationalistic Centre Party and ruled the country for almost a quarter of a century (1955-82).

Even if the aim of consensus has been to set aside political differences for the sake of national unity, the critics of such a policy claim that it had subdued political debate within the country to such an extent that it is difficult to distinguish today between the agenda of the Social Democratic and Coalition party.

The Centre party has traditionally had a negative attitude towards foreign investment. This attitude is reinforced by a recent poll, which claims that only 36 per cent of all Centre party members are in favour of EC membership.

An archetype of the Centre party politician, Mr Aho has toned down his opposition to Finland's integration with western Europe through European Economic Area (EEA). He has also stated publicly that he is against foreign ownership of the country's forest industry.

Efta-EC talks run aground

THE chances of getting agreement this summer on a common economic zone between the EC and the European Free Trade Association (Efta) now depend by a breakthrough at a foreign ministers' meeting next month, writes David Buchan in Brussels.

Negotiators acknowledged yesterday that the year-long talks had reached an impasse on the EC's demand for more access to fish in Efta waters, and on Efta's insistence on having its own judges sit alongside the European Court of Justice in interpreting key aspects of Community law applicable to the planned European Economic Area (EEA).

Few share Kurdish enthusiasm for autonomy pact with Baghdad regime

Kurds gamble on a Saddam promise

By Victor Mallet, Middle East Correspondent

"THE leader Saddam Hussein is our supreme ideal in practising democracy," trumpeted one of the slogans plastered over the walls of polling stations during the 1989 local election in Iraqi Kurdistan.

At the time, Kurdish residents of Iraqi towns like Suleimaniya – and Kurdish guerrilla leaders in exile – described the government-sponsored elections as a sham and scoffed at the idea of the ruthless President Saddam having any interest in democracy or Kurdish rights.

Today, it seems, Kurdish politicians have changed their minds and are prepared to take him at his word.

But the brief announcement on Wednesday by Mr Jalal Talabani, leader of the Patriotic Union of Kurdistan, that he and other Kurdish representatives had reached agreement in principle with Mr Saddam on the establishment of autonomy for Iraqi Kurdistan leaves many questions unanswered.

It is easy to understand why each side should want to negotiate. Iraq's ruling Ba'ath Party has seen its legitimacy undermined and its army weakened by the hopeless war for Kuwait and the subsequent uprisings in Kurdistan and the predominantly-Shia Moslem towns of the south; as for the Kurdish guerrillas, their continued military presence in the mountains is rendered politically pointless unless the mass exodus into Iran and Turkey of the Kurds who make up their constituency can be reversed.

Mr Talabani and the Iraqi government say their proposed agreement is based on the lapsed 1970 autonomy deal which recognised the Kurdish language and cultural identity, provided for Kurdish representation in government and called for the economic development of Kurdistan.

Many Kurds, however – not to mention those non-Kurds who have espoused the Kurdish cause in recent weeks – are profoundly sceptical about the value of promises made by President Saddam.

Mr Talabani and his allies believe concessions can be squeezed now from the weakened Iraqi leader and gains preserved by means of international guarantees.

Yet it is difficult to see the United Nations or any of its members agreeing to enforce a purely domestic political arrangement. Nor has it escaped the notice of those who distrust Mr Saddam that one of his main objections to the proposed deal is the request for outside guarantors.

When pressed on the matter, Mr Talabani told a news conference in Baghdad: "We think that democracy will be the main guarantee of the national Kurdish objective." Kurdish autonomy, in other words, is supposed to be preserved by the presence of a democratically-elected and partly Kurdish government in Baghdad.

The regime has certainly been talking a great deal about the need for democracy and reforms since the end of the war, and President Saddam has taken a back seat, in public at least, to Mr Saadoun Hammadi, the new prime minister.

But even those who sympathise with the Iraqi Ba'ath Party in its present predicament find it hard to swallow the suggestion that President Saddam and his colleagues are about to steer Iraq towards genuine democracy after three decades of increasingly brutal oppression.

Yesterday, with remarkable frankness, Mr Hammadi said that Iraqi steps towards democracy would be gradual and might not meet the immediate expectations of other countries.

Another unresolved issue which will have to be addressed by Mr Saddam and Mr Talabani is the geographic scope of an autonomous Kurdistan and whether it should include the oil-rich town of Kirkuk.

One of the reasons for the breakdown of the 1970 agreement within a matter of years was the central government's reluctance to carry out a census in the Kirkuk area which would doubtless have shown a Kurdish majority.

Since then the authorities have "Arabised" Kirkuk by transporting families from the south, to such an extent that even Kurds believe that the Kurdish inhabitants must be a minority of the population. Mr Talabani said the two sides would discuss the matter of Kirkuk at a later stage.

Lastly, there is the probability that a deal between the Kurds and President Saddam will demolish the flimsy, 17-party anti-Saddam coalition which finally emerged after the Kuwait invasion.

The Shia Moslems of southern Iraq are already accusing Mr Talabani of betrayal.

The Kurdish political parties are now trying to set that agreement in concrete while President Saddam is willing to talk, but anxious Kurdish refugees and cautious western governments could hardly be blamed for declaring yesterday that they would wait and see.

President Saddam Hussein embraces Jalal Talabani, leader of the Patriotic Union of Kurdistan, in Baghdad

MAIN POINTS OF THE 1970 PACT WITH KURDS

- Kurdish is an official language in Kurdish areas and is the language of instruction in Kurdish schools.
- The government pledges to eliminate discrimination against Kurds in the cabinet, ministries, public offices, the army and other posts.
- The government plans special Kurdish affairs programmes on television and will build more and better schools in Kurdish areas.
- Kurdish areas will be administered by Kurdish officials, including police and security officials.
- Economic resources will be fairly distributed, with indemnities for past afflictions suffered in Kurdish areas and pensions for the families of Kurdish war casualties.
- Kurdish and Arab villagers will be returned to their homes.
- Land reform will be speeded in Kurdish areas.
- The constitution will recognise the Kurdish nationality and language.
- Kurds will return their broadcasting station and heavy arms to the government.
- One national vice-president will be a Kurd.
- The state will conduct a census to determine where there is a Kurdish majority.
- Kurds will have proportional representation in parliament.

Iraq under fire for holding back nuclear information

IRAQ'S response to a United Nations request for details on its cache of nuclear material is inadequate, and Baghad has been asked for more information immediately, the International Atomic Energy Agency said yesterday, Reuter reports from Vienna.

The original request was made under UN Security Council Resolution 687, setting out terms for ending the Gulf War. It required Iraq to accept the destruction or removal of all chemical and biological weapons, agree not to develop nuclear arms or material that could be used for such arms, and declare the location and amounts of such existing material.

The agency, which monitors the peaceful use of nuclear energy, was charged with collecting the nuclear information from Iraq, whose permanent mission to the IAEA handed over a response on April 18.

The IAEA has not divulged the contents of the Iraqi letter. But agency officials, speaking on condition of anonymity, said Baghdad had claimed that all its fissionable material had been destroyed during the Gulf war in bombings of its two small nuclear reactors. An agency official expressed scepticism about that claim. But even if true, "we would at least like to know the location of the rubble" where the alleged destruction took place, he said.

He said his agency sought a clear answer on what happened to an estimated 12.5kg of enriched uranium at Iraq's French-built Tammuz-2 reactor. It also wanted to know the fate of a separate amount at Baghdad's Soviet-built facility thought by non-agency experts to be as much as 10kg.

Western experts have said that 15kg of enriched uranium would suffice for a nuclear explosive device, but high technology would be needed to process it. No one knows if Iraq has any capability to make nuclear weapons but alleged potential ability to do so was cited by the US.

Mr Hans Friedrich-Meyer said his agency had asked for the additional information, in a letter sent a day after the Iraqi response, but had not yet received a reply.

A delayed response might interfere with plans for a special UN commission to go to Iraq and carry out the terms of Resolution 687 by July 2.

China denies Algerian N-sales

CHINA SAID yesterday it was supplying Algeria with nuclear technology but denied it was helping it produce fuel for nuclear weapons, Reuter reports from Peking.

It also denied a report that it was supplying Pakistan with medium – range missiles, dismissing it as totally groundless. "China and Algeria have small-scale nuclear co-operation for scientific research," the Foreign Ministry said. "This is for peaceful purposes."

Francis Ghiles adds: The International Atomic Energy Agency in Vienna, says it is aware of reports of a new facility under construction in Algeria but has no details on the installation.

Observers believe information leaked by the US Central Intelligence Agency earlier this week was intended to remind China of its undertaking in 1984 to remain circumspect on nuclear exports. The US State Department said it had no reason to believe China was helping Algeria to develop nuclear weapons.

The Washington Post last week quoted US intelligence agencies as saying China was helping Algeria build a nuclear reactor that may eventually produce fuel for nuclear weapons. They were quoted as saying the reactor being built was larger than needed for routine nuclear research and there was a Soviet-made anti-aircraft battery nearby.

Some fear the issue may damage President Bush's attempt to retain Most Favoured Nation trade status for China.

Japanese military protests

By Stefan Wagstyl in Tokyo

TWO Japanese soldiers and an ex-soldier were arrested yesterday after they tried to force their way into the office of the chief of the Defence Agency to deliver a petition protesting against the planned despatch of minesweepers to the Gulf.

In other protests, six car bombs exploded harmlessly outside dormitories used by the Self-Defence Forces (the military) and a few peaceful demonstrations were held. But generally, there was little public protest at government's decision to send the ships on the first active service overseas mission by the military since 1945. The flotilla was due to leave today.

At the Defence Agency, the three demonstrators, all in military uniform, were held back by guards outside the door of the office of Mr Yukihiko Ikeda, the agency's director general.

Witnesses said they shouted slogans condemning the despatch of minesweepers as unconstitutional. The three, a sergeant aged 35, a 24-year-old private and a 39-year-old former sergeant were arrested on obstruction charges.

Saudis cautious on Iran talks

MR Ali Akbar Velayati, the Iranian foreign minister, arrived in Saudi Arabia yesterday hoping to forge stronger bonds across the Gulf, but the cautious kingdom is unlikely to rush into any new relationships, Reuter reports from Tehran.

Arab diplomats in the kingdom said its conservative Sunni rulers are still wary of Tehran's Shia brand of Islamic fundamentalism. Mr Velayati said on Wednesday he would seek a role for Iran in Gulf Arab security arrangements during talks with King Fahd and Saudi officials.

But the diplomats said the Saudis, while welcoming the new opening to the West and to other Moslems by President Akbar Hashemi Rafsanjani, want first to see the outcome of the power struggle in Tehran between his pragmatist government and radical clerics who oppose him.

Saudi Arabia and Iran are spiritual leaders respectively of Islam's two great branches – Sunnis and Shias.

Mr Velayati's visit is the first by a senior Iranian official since the two countries resumed ties last month after a three-year breach.

Relations have been troubled ever since revolutionary Shias took power in Iran in 1979. "Iran must prove that it is emerging as a power for peace and stability rather than agitation," one senior diplomat said.

The two countries cut ties soon after 400 pilgrims – mainly Iranians – died in clashes with Saudi security forces during the 1987 *haj* in Mecca. Iran subsequently boycotted the annual pilgrimage to Islam's holiest shrines, which every Moslem should try to perform once.

The minister is due to travel to Syria and Turkey with Mr Rafsanjani after his visit to Saudi Arabia.

US urged to lift Vietnam loan ban

WESTERN European countries are expected to urge the US to lift its block on International Monetary Fund and World Bank lending to Vietnam at a meeting in Washington next week, diplomats said yesterday, Reuter reports from Hanoi.

They said officials from France would be among those at a semi-annual meeting of the IMF and World Bank to step up pressure on the US to let lending go ahead. "It's increasingly clear that depriving Vietnam of money it needs to develop is not having the desired effect," diplomat said.

China gives welcome to mutual funds

By John Elliott in Hong Kong

CHINA intends to accelerate plans to allow foreign investment in its fledgling stock markets by opening its exchanges in Shanghai and Shenzhen to mutual funds later this year, according to a senior Chinese securities official.

Mr Wang Po-Ming, vice-president of China's Stock Exchange Executive Council which oversees the new securities markets, said in Hong Kong that a limited number of country funds would be allowed to invest in the "later part of this year".

This is believed to be in addition to plans being finalised by Shanghai's stock exchange to allow direct foreign investment in two local companies, Shanghai Vacuum which produces television tubes, and Shanghai United Textile, a joint venture with a Hong Kong company.

Officials at the exchange, which opened last December, hope to announce regulations for direct investment in these two companies within a couple of months.

Hong Kong-based securities houses such as IndoSuez Asia, Barings and Jardine Fleming have been waiting for openings on China's stock markets, but had not expected until recently to be admitted this year. IndoSuez announced a $20m (£11.8m) Shanghai Fund late last year but has delayed its launch until the situation becomes clearer.

Development of China's stock markets has been considerably slower than reform-minded officials have forecast in the past few years. Some officials are concerned about the possibly destabilising impact of foreign speculators on the small and unsophisticated exchanges, and there is also resistance from Peking hardliners.

Mr Wang said that domestic interest in equities would be driven by China's high level of personal savings and declining bank interest rates. He predicted turnover on both the exchanges would more than double from last year's total of approaching Yuan 4bn (£434m). Private savings of approximately Yuan 700bn-1,000bn were a "a tiger in a cage" which could "come out at any time."

Food queues in Peking

PEKING residents formed queues outside state stores to stock up on rice, flour and oil yesterday as subsidy cuts took effect, Reuter reports from Peking. Anyone holding April ration coupons could buy at old prices, far below the new ones set by the government, which wants to reduce its crippling budget deficit.

The price of flour was put up 54 per cent and vegetable oil 108 per cent. The rises were effective nationwide from yesterday, according to people who had seen a government circular.

The prices of goods made from these staples, including cakes, noodles and even soap, will also go up.

Most urban workers earn between Yuan 100-150 (£10 to £15) a month and spend most of it on food. About one third of all government spending is on subsidies to keep prices low and to bail out failing state industries.

Inflation in the first quarter of this year was running at 6 per cent, compared to 1.3 per cent inflation nationwide. Even after the increases, state-supported prices are extremely low by world standards. At the new prices, wheat flour will cost 28.5 Chinese cents (3p) a pound at state stores.

Korean minister fired over pollution

By John Ridding in Seoul

PRESIDENT Roh Tae Woo of South Korea yesterday sacked his environment minister in response to a scandal concerning the widespread pollution of tap water. Mr Huh Nam Hoon was replaced as minister by Mr Kwon Hwi Hyuk.

The scandal centres on contamination of the water supply in Taegu, an industrial city in south-east Korea. More than 300 tons of phenol, a toxic acid, were allegedly dumped into a river by Doosan Electro Materials, part of the Doosan Group, a large conglomerates.

Japan's surplus just won't lie down

But the figure bears some close examination, writes Stefan Wagstyl

FOR Japanese trade ministers visiting Washington the agenda may change from one year to the next but the underlying issue is always the same – the size of Japan's trade surplus.

It is no different for Mr Eiichi Nakao, the latest chief of the ministry of international trade and industry (Miti), who sets off for the US today. He will be faced by complaints from the Administration of President George Bush over semiconductors, construction, auto parts and rice.

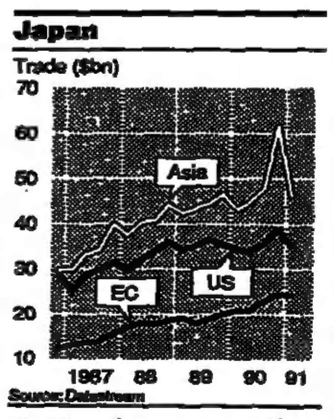
Congressmen will add political spice to the trip with moves of their own – including a proposed ban on imports of Japanese rice wine to match the Japanese ban on foreign rice. But all this will be a reflection of the persistent underlying imbalance in trade.

After falling by more than 40 per cent since 1986, Japan's surplus is rising again. In each of the past three months, the surplus has been higher than for the same months last year. The $8.72bn surplus recorded in March was the highest since December 1988.

Mr Paul Summerville, an economist with Jardine Fleming, the securities company, forecasts that after falling from a peak of $90bn in 1986 to $54.6bn in the year to March 1991, Japan's trade surplus will rise in 1991-92 to $66.5bn.

Japanese Ministry of Finance officials deny that an upward trend is in the making. But Miti is worried. One senior official said this week: "We are afraid this trend might continue this year. It's very important to keep the surplus under control."

The figures continue to provoke howls of protest from Washington. But, in truth, European producers have more



reason to worry than Americans. While the surplus with the US fell by 11 per cent over the last year, the surplus with Europe grew by the same percentage.

Also, both changes are dwarfed by the growth of the surplus with Asia which soared 47 per cent to $24.8bn – exceeding the surplus with Europe for the first time.

Both short-term and long-term economic forces are at work. The Gulf crisis boosted the cost of oil and gas last year – increasing Japan's fuel import bill for 1990-91 by 35 per cent to $61.4bn. Now that oil prices have dropped again below $20 a barrel, the cost of Japan's fuel imports will probably fall markedly in the current year – expanding the trade surplus for the next few months, though not beyond that.

The recent slow-down in Japanese consumer demand will also depress imports in the current year. Consumers buying luxury goods were the great force behind the expansion of imports in Japan in the late 1980s. But the turmoil in Tokyo's financial markets last year is dampening appetites.

European companies are particularly badly affected since luxuries – including German cars, French wines and Italian jewellery – account for a significant part of their sales in Japan. Imports from the EC rose 20.5 per cent last year, but this year's increase could be much smaller. In March imports were up just 0.4 per cent.

Mr Hirohiko Okumura, chief economist of Nomura Research Institute, says the decline in the growth of luxury imports is a natural result of the cyclical easing in consumer demand. This is true. But it will do nothing to improve Japan-EC relations at the crucial time when the community is establishing new rules for governing entry to its markets after 1992.

Alongside these short-term changes a significant long-term shift is taking place: Japanese exporters are successfully redirecting their energies towards Europe and Asia.

Politics has played a part in this shift, with Japanese companies responding to criticism from Washington. But economics has been the driving force. In comparison with the US, Europe is still an under-developed market for Japanese companies. In three important countries – France, Italy and Spain – severe restrictions are applied to Japanese goods.

Nakao: faces old refrain

Asia offers even more potential. Asia late last year overtook North America as the main destination for Japanese exports. Given the high growth rate of many Asian economies, Asia's importance as a market seems certain to continue to expand.

Mr Summerville forecasts that by the end of the decade Asia will absorb 45 per cent of Japan's exports. "For the first time in 250 years, the most important Asian economic decisions are being made by Asian companies and Asian consumers."

The long-term growth of Asia will not reverse the decline in Japan's trade surplus from its peak in the mid-1980s. But it will probably means that after increasing this year, the surplus will not fall by much in 1992 or thereafter. Certainly, the surplus is unlikely to start shrinking again at the rate it did in the late 1980s. Nomura Research Institute forecasts that by 1995 the trade surplus will still be $60bn.

That figure may sound unacceptably high to some politicians in the US and in Europe. But it could be is misleading: by 1995, the surplus will be much more equally spread among different countries. Also, the current account surplus will amount to a much smaller proportion of Japanese GNP than it did at its peak in 1986. Then it was 4.5 per cent; in 1990 it was 1.2 per cent. By 1995, it could fall below 0.5 per cent.

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FIRST CLASS

China may use Sydney as entrepôt

CHINA may use Sydney as an entrepôt port for expanding trade with the island states of the South Pacific, Yvonne Preston reports from Peking.

Li Lanqing, China's minister for foreign economic relations and trade, said yesterday that many Pacific island countries wanted to buy Chinese goods, but their small markets made direct trade difficult.

In future, Australia could provide an entrepôt trade point.

Sydney could offer duty-free storage for Chinese products, enabling small orders to be shipped to Pacific customers from Australia, obviating the need for a direct trade relationship between China and the islands.

The Chinese minister was speaking before talks with Senator Gareth Evans, Australia's foreign minister.

Senator Evans, who has been visiting Peking to normalise post-Tiananmen relations, has now left China. During his two days there, he met Premier Li Peng, Jiang Zemin, China's Communist Party chief, and Qian Qichen, Peking's foreign minister.

Nothing concrete had been decided about the entrepôt proposal, Li reiterated, but the possibilities were being studied.

Fast-track move runs off the rails

Bush finds opposition on negotiating facility, writes Nancy Dunne

THE TWO widely divergent visions of free trade with Mexico expressed in the italic paragraphs accompanying this article capture the polarities of the mounting debate over President George Bush's request for a two-year extension of his "fast-track" trade negotiating authority.

Indeed, what in times past was a pro forma petition by a President to a Congress has turned into a key political battle.

Congress has until June 1 to make up its mind whether to promise – as it does when it grants fast-track authority – not to amend any trade pact negotiated by the President. The same authority is needed for continued talks under the stalled Uruguay Round of multilateral trade negotiations under the General Agreement on Tariffs and Trade. Now that is being jeopardised by President Bush's more controversial plans for free trade with America's southern neighbour.

Those opposed to the Nafta are the labour unions, textile and apparel manufacturers, farmers, consumer and liberal church groups. In support are hundreds of business leaders who see benefits in both access to cheaper labour and a more lucrative market for US products.

● *The proposed North American Free Trade Agreement (Nafta) would provide untold economic benefits, bringing trade and wealth to the entire continent. It would raise Mexican living standards and "lock in" recent Mexican free market reforms. The only injury would be to a few US sectors, which would have several years to "adjust" and probably should not survive in any case because superior American workers should be doing only high-skill jobs*

Both sides have mobilised for the battle. President Bush, with his entire trade policy at stake, has reverted to street-fighter mode reminiscent of his presidential campaign. His opponents are dismissed as heavily-financed "fear-mongers" who practise "defeatism". His lieutenants in the cabinet are being deployed en masse to congressional hearings to reiterate the Administration line.

The Administration is arguing that the Nafta is a building block, not only to a hemispheric-wide free-trade region, but to the President's vision of a "New World Order". Mr Robert Zoellick, the State Department counsellor, says it sends a signal of encouragement to new Latin American leaders committed to democracy and market economics.

Most of those opposed to the fast-track facility insist they are not so much against increased trade with Mexico, even free trade eventually, as they are the fast-track procedure itself. They want to slow the process, bringing the continent's three economies more in line as well as their regulatory and political systems.

Mr Mark Anderson, the AFL-CIO representative spearheading labour's fight against the fast-track, contends that the negotiations are not so much about jobs as investment in Mexico, when investment is vitally needed in the US. If the Administration wants to help Mexico, he says, it should be providing more debt relief and foreign assistance.

Dr Adolpho Aguilar, a visiting professor from Mexico at the American University in Washington, is another opponent of the Nafta. He has warned congressmen against the promise by Mexican leaders of new environmental and job safety laws.

"Mexico is not a country where there is rule of law," he says. "Every Mexican citizen knows how to get things done in spite of laws. The Congress and the judicial system are controlled by a king who serves for six years and chooses his own successor."

Thus far, there is little sign of a consensus emerging and observers say a congressional vote would be too close to call at this stage.

● *The Nafta would cause a mass exodus of low-skilled US manufacturing jobs and a deluge of exports (including food tainted by polluted waters and unregulated pesticides) to the US produced by exploited Mexican workers. Real wages in both countries would decline. Mexican peasants, unable to compete with mechanised American farms, would be thrown off their lands. Meanwhile, the US would have given approval to one-party rule in Mexico*

However, compromise plans have found there way into the debate through Senator Donald Riegle and Congressman Sander Levin, both from Michigan, where the motor companies want the fast-track and unions oppose it. They propose to grant the fast-track for the Uruguay Round but allow a limited number of amendments to the Nafta.

These would insure congressional control over issues of most concern: environment, rules of origin, health and safety standards and dispute settlement mechanisms. These are the issues opponents do not believe they can trust the Administration to address.

Japanese plant to set up in Spain

By Kevin Done, Motor Industry Correspondent

CALSONIC, a leading Japanese automotive components maker, is to set up a subsidiary in Spain, to make car heaters and air conditioner systems.

Prototype manufacturing is planned to begin in October with full production in 1992 at a rate initially of 120,000 units a year.

Its first customer will be Nissan Motor Iberica, the Spanish commercial vehicles subsidiary of Nissan of Japan, which produces a range of vans, light trucks and four wheel drive leisure/utility vehicles.

Calsonic is an associate company of Nissan, Japan's second largest car maker. In 1989, it took over Llanelli Radiators Holdings in the UK for £15m ($25m).

Calsonic has established its European head office, Calsonic International (Europe), at Llanelli Radiators, Dyfed.

In addition to Llanelli Radiators, it produces heaters and air conditioning systems in north-east England, where it is increasing production from 120,000 units a year to 300,000 a year by 1992.

It also makes exhaust systems and catalytic converters in the Netherlands.

Egypt to buy Turkish fighters with US finance

EGYPT is to buy 46 Turkish-made F-16 fighters, worth about $1.3bn, which will be financed through US military loans, Egypt's ambassador to Ankara said yesterday, Reuter reports from Istanbul.

"We have agreed to purchase 46 Turkish-made F-16 fighters and we have informed the United States of our decision," Mr Mohamed Eissa, the ambassador said.

He said it would be the first time a General Dynamics fighter aircraft had been built outside the US and sold to a third party.

Mr Eissa said the deal would be financed by US Foreign Military Sales (FMS) credits to Egypt but gave no details of the financing.

Turkey began co-producing US-designed F-16 jets under General Dynamics licence in 1988 at a complex in Murted, outside Ankara.

It is operated by the joint venture Turkish Aerospace Industries (TAI). Any F-16 sales from Turkey to third countries have to be approved by Washington, defence officials said.

"We had a great deal of negotiations, including moneywise dealing with the United States," said Mr Eissa. "Initial negotiations took place in Ankara and in Cairo, and continued in Washington."

Using 70 per cent domestic manufacturing input, TAI has so far turned out 62 aircraft in its first production run of 152 F-16 fighters. Last September Washington agreed to double the production run.

The initial contract with TAI to produce 160 fighters, will expire in 1994 and Turkish defence officials hope to renew agreement early next year for a second batch of 160 aircraft in which domestic input will rise to 90 per cent.

Defence officials said the first plane for Egypt was likely to be delivered by next year.

● The International Monetary Fund is calling for belt tightening in Turkey and urging policy revisions to cope with high inflation, a senior economy official who wished to be unnamed said yesterday, Reuter adds from Istanbul.

He said the report predicted a worsening payments balance in 1991 as well as an investment slump and continuing inflation – now running at 62 per cent annually.

The report, the official said, estimated this year's public sector borrowing requirement would reach 10 per cent of the Gross National Product, up from 7.5 per cent in 1990.

The official said the report called for immediate action to help Turkey's chances on international borrowing markets, where the Treasury has to raise at least $500m this year, possibly backed by World Bank co-financing.

Seoul digs in heels over rice import ban

By John Ridding in Seoul

SOUTH KOREA, taking a strong position on the issue of food security, yesterday reaffirmed that it will keep its rice market tightly closed to imports.

A meeting of senior economic officials, headed by Mr Choi Gak Kyu, minister for economic planning, ruled out liberalising the rice market and reducing subsidies for rice production.

"We will not allow imports of rice under any circumstances," a ministry of agriculture and fisheries official said after the meeting.

The meeting was prompted by a domestic outcry following remarks made earlier this week by Mr Park Soo Gil, Korea's chief negotiator in the Uruguay Round of Gatt negotiations.

Mr Park said the opening of the Korean rice market was inevitable, and that Korea would agree to allowing 3-5 per cent of its rice demand to be met by imports.

The outcry demonstrates the sensitivity of the issue. Rice is the single most most important crop for Korean farmers, but the inefficiency of domestic production means they would find it hard to compete with international producers.

Government subsidies and closed markets mean the average price of rice in Korea is about five times the $350 a ton it costs on the international market.

Exception for rice and a few other staple products, South Korea has been demonstrating a more flexible approach to the liberalisation of its agricultural markets.

Since the start of this year, it has reduced the number of products it is seeking to exclude from liberalisation under the Uruguay Round of Gatt talks.

Korea originally sought to exclude 15 products, citing non-trade concerns such as food security. But it now wants to exclude only rice and a few other staple products such as barley.

Korea attacks dumping

THREE foreign chemical companies face anti-dumping duties, the first to be imposed in South Korea, Trade Ministry officials said yesterday, Reuter reports from Seoul.

Korea Engineering Plastics (KEP), a subsidiary of the Hyosung group, charged in May 1990 that the US companies E.I.Du Pont de Nemours and Hoechst-Celanese, and Japan's Asahi Chemical Industry, had dumped polyacetal resins on the South Korean market.

"We decided the resins were imported by the three companies at a lower price than set in their home countries, and this hurt KEP," Mr Kim Wan-Soon, chairman of the Korea Trade Commission (KTC), a division of the Trade Ministry, said.

Hearings were held earlier this year, and this week the commission had voted 4-3 to uphold KEP's complaint.

Du Pont said the decision "strains the credibility of the KTC".

"I can't understand the decision," a Du Pont Korea official said. A lawyer at C.J. Law International, which represents Hoechst, said: "We will fight till we win".

Asahi and KEP officials were not available to comment.

Polyacetal resins are used in making electronic goods, machinery and car parts.

The Finance Ministry will make its decision by July.

Dutch set sights on ECGD export business

By Ronald van de Krol in Amsterdam

NCM, the Dutch credit insurance company, said yesterday it had a "substantial" chance of being chosen by the UK government to purchase the short-term export insurance business of the Export Credits Guarantee Department (ECGD).

Mr Harry Groen, chairman of NCM, said that if the Dutch company were selected, it would finance the deal through its own internal resources and through a placement of shares with its existing shareholders.

These are mainly banks and insurance companies in the Netherlands, and, to a lesser extent, in the UK, Germany and Switzerland.

He described the possible purchase of a major part of ECGD as a unique opportunity which would lead to a doubling of NCM's premium income.

NCM, whose official name is Nederlandsche Credietverzekering Maatschappij, is one of four companies on the UK government's short list.

The other three are Assicurazioni Generali of Italy, and Sun Alliance and Trade Indemnity of Britain.

Bids for the Cardiff-based ECGD division must be submitted by April 30.

The Dutch company yesterday unveiled annual results which showed 1990 after-tax profit up 18 per cent at Fl 33.6m ($17.7m).

Mr Groen said 1991 results should at least match last year's figures.

Premium income for NCM's own account showed a marginal increase to Fl 271.7m from Fl 271.4m in 1989. Claims were up 17 per cent at Fl 121.7m.

Apart from insuring commercial risks for its own account, NCM also handles the reinsurance of political risks on exports for the Dutch government.

Although Mr Groen acknowledged there were some sensitivities among exporters in the UK about a foreign company buying a former government agency, he said NCM was fully capable of serving British exporters and there would be no conflict of interest with its Dutch operations.

Mr Groen refused to be drawn on details of NCM's bid or to say which parts of ECGD's business the Dutch company was hoping to take over.

ADVERTISEMENT

No. 2

From grass roots to global network

A socially aware policy of paying close attention to local issues has paid off in the form of world-wide success for the leading office automation group

WHEN RICOH, a leading manufacturer of office automation equipment, began building its second high-tech European factory in France the Japanese group came up against a 7,000-year-old obstacle.

No sooner had construction started at Wettolsheim, near Colmar in the beautiful Alsace region, than Ricoh uncovered an important Neolithic Age archaeological site, dating back to 5,000 BC. Some 3,000-year-old Celtic coins were found nearby. Roman remains showed further proof of the site's rich ancestry.

These discoveries could so easily have resulted in yet another clash between our cultural heritage and industrial progress. Instead, the discovery brought Ricoh and the local community together. They quickly managed to bridge the gap between Neolithic Man and the post-Industrial Age.

Building for today's generation

Koji Sawa, president and director general of Ricoh Industrie France, says: "Our archaeological discovery meant that my first contact with the local community was not about business at all. Instead we discussed how to excavate and preserve these riches.

"We were delighted to discover how certain aspects of Japanese culture corresponded in age to some of the finds. And though excavation delayed the factory construction by two months, we made up most of the lost time because of the good relationship we developed."

Ricoh's sensitivity to local feelings at Colmar is typical of the way in which this global company has carefully gone about its policy of localisation, of putting its roots down in various areas around the world.

This kind of caring attitude has helped Ricoh, first established in 1936, to become a large group with 127 subsidiaries worldwide, more than 37,000 employees, eight research institutes and 24 modern manufacturing plants worldwide.

From its position as the number one copier manufacturer in Japan, Ricoh has pioneered developments in facsimile machines as well as data processing systems, laser printers, optical filing systems, electronic devices, cameras and selected supplies.

Ricoh's size has never been a barrier to the importance the company places on the local communities in which it is established. It is successful because it works hard to put down its roots in local soil and takes great care to cultivate them.

Strong growth in Europe

The importance of localisation is most clearly shown in the way Ricoh has grown in Europe and in particular in the development of its two production subsidiaries in Telford, England and Colmar, France.

Since establishing its first subsidiary in Europe in 1963, Ricoh has expanded rapidly. From its headquarters in Amstelveen, Ricoh Europe BV co-ordinates its seven sales subsidiaries and two financial subsidiaries as well as the British and French factories. Ricoh now employs more than 2,400 people throughout Europe.

Some 700 of them work at Telford, in England's West Midlands, where production first started in January 1985. It was felt that Telford was an appropriate place in which to build a factory for the 21st century for it lies only a few miles from the historic Ironbridge, birthplace of the Industrial Revolution. The region is also famed for the skill and industriousness of the local people.

Only 50 kilometres from Birmingham and at the centre of a network of road and rail communications, the Telford plant is well situated to respond quickly not only to the needs of the UK but also to the continental European market.

The plant started by producing toner, the fine thermo plastic powder used in Ricoh's copying process, and then the selenium drums from which the image is transferred to produce an exact copy of the original document. Plain paper copiers, of which Ricoh is a world leading manufacturer, came next, followed by fax machines. European fax production has since been concentrated in France.

From a nucleus of half a dozen employees the Telford plant has rapidly recruited local people and today less than 5 per cent of the workforce is Japanese. Some 60 per cent of its turnover is now sold in continental Europe with a further fifth in the UK itself and the remainder being exported to the US and the rest of the world. More than half of the supplies used in Telford's production process are now produced locally or elsewhere in Europe.

But Ricoh has not only made a significant contribution to local employment and industry in the Telford area. It has also set high standards of quality which have been adopted by local industries.

Near the foyer of the Telford factory where Ricoh's newest products are displayed is a sign which sums up the Ricoh approach. It reads:

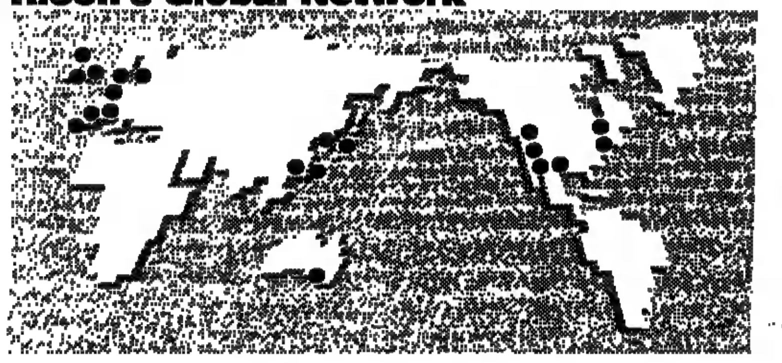
"Commitment to Customer FIRST."

"Commitment to Quality FIRST."

"Commitment to working together".

These principles lie behind Ricoh's localisation plans for Europe, of which the Telford plant is a model.

Ricoh's Global Network



Teamwork in action: Mr Takashi Nakamura, managing director of Ricoh UK Products Ltd, with Telford athletes who are sponsored by the company

Telford: a study in local co-operation

Mr Takashi Nakamura, managing director of Ricoh UK Products Ltd, says Ricoh's comprehensive localisation plans involved six steps.

"First, localised production is set up. Then we buy more and more components locally. After that we encourage a greater transfer of technology from Japan and we start exporting the locally made products. Increased employment of local staff follows and finally we plan for the localisation of capital which includes, for example, listing the company's stock on the domestic market.

"Here at Telford, Ricoh UK Products Ltd is well into the fifth stage of Ricoh's localisation plan."

Colmar: a success story in the heart of Europe

This step by step approach was also adopted when Ricoh decided to set up a second plant in 1987, this time in Colmar, France.

Koji Sawa, of Ricoh Industrie France, explains: "We wanted a site in the heart of Europe and Alsace was perfectly placed. Its history meant that the local people spoke French and German and the young, in particular, also speak English. Moreover, the people of Alsace are very flexible in their outlook and open to new ideas."

When the plant opened in 1988 it produced plain paper copiers, facsimile machines and fusing rollers. Employment grew rapidly from the original crew of 12 who had spent some time training in Japan.

From the beginning, Mr Sawa was very clear about his priority in encouraging localisation: "I saw everyone as my partners and that was the attitude I encouraged in everything we did at every stage." Already more than two thirds of the managers are French.

Currently Ricoh Industrie France employs about 500 workers who, like their counterparts in Telford, tend to be young. The average age at the Wettolsheim plant is 25.

This is only the beginning. A new plant is due to open next March just a few hundred metres from the existing factory. Ricoh is already recruiting some of the 160 employees who will be working in the most up-to-date factory in Europe producing thermal paper, a product for which world demand is growing in excess of 20 per cent a year.

More than 30,000 tons of untreated paper a year will be turned into the highest-quality thermal paper for fax machines or into thermal paper labels which can be used for everything from train tickets, bar code labels and airline boarding cards.

"Ricoh's decision to build the plant here is seen as a vote of confidence in the region," says Hubert Schwanger, the locally-born production director of Ricoh Industrie France. "Everyone here feels it means that Ricoh is confident about the product and quality being produced at Colmar."

The new thermal paper plant also says a lot about Ricoh's commitment to localisation. For a start the plant's output will replace imports by European thermal paper products. As a result Ricoh will be able dramatically to improve customer services.

This point is reinforced by Yoshiharu Moriya, chairman of Ricoh Europe, who says: "Ricoh in Europe has depended very heavily on imports of thermal paper from Japan. Given the rising popularity of Ricoh facsimiles and the number of manufacturers requiring thermal labels, we believe it is essential to ensure the most efficient supplies to maximise the long-term satisfaction of our local customers."

Local suppliers will play an important part in both the operation and production of the new plant. Its opening will make Ricoh the first company to manufacture thermal paper in the world's three biggest markets.

Ricoh's Colmar Plant

Strong links with local suppliers

"We are currently looking at various European paper makers," says Mr Schwanger, "as well as chemical suppliers for the day we start production."

Ricoh has a long-standing policy of encouraging local suppliers. A room in the Wettolsheim plant is devoted to a display of local European products ranging from main motors and power packs to paper feed trays for fax machines and operation panels. More than half of the components used in Ricoh's copier and fax production in France are of European origin. The proportion could eventually rise to 70 per cent in the thermal paper plant.

Encouraging local suppliers has gone one step further at Telford, where a European parts Research Centre was opened last year.

"We place great importance on working with our suppliers," says Mr Nakamura of Ricoh UK Products Ltd. Engineers from the centre visit local manufacturers of components to examine product quality and, if necessary, provide assistance such as technology control methods in order to meet Ricoh's stringent quality requirements.

Extensive training is offered by the Research Centre and Ricoh and the supplier work closely together. After three months Mr Nakamura visits the local manager as a sign of the importance Ricoh places on encouraging local suppliers.

"We work closely with our suppliers," adds Mr Sawa of Ricoh Industrie France. "We encourage them to visit the factory and to see how we control quality. It is not just to improve the products they make for Ricoh. By improving their total quality, they increase competitiveness throughout their businesses."

Following the success of Ricoh's first European Suppliers Congress in Telford last year, in which 46 major European Ricoh suppliers met to exchange ideas, a second Congress will be held in France this year with the third in 1992, again scheduled for Telford.

Training the managers of tomorrow

Many European companies are now prospering as a result of adopting Ricoh manufacturing methods. The *Haizen* assembly system – in which every item to be used is carefully selected and separately laid out on a special tray to prevent careless mistakes – is particularly popular. "Just-in-time" techniques of parts and warehouse control are also being widely introduced.

Ricoh's encouragement of training is another essential part of its localisation programme.

"New recruits are carefully introduced to Ricoh's system of working," says Telford's John Dutton, who is in charge of drum production. "They are encouraged to study and improve themselves. There is no such thing as a dead-end job here – everyone has a chance to get on."

Ricoh works closely with the local colleges to encourage self-development and some 10 per cent of future technical education in Telford is being sponsored by Ricoh. By aiming at the long-term provision of employment and training young local managers, Ricoh believes it is not only ensuring that it remains a leading company but is making a vital contribution to society.

In France, Mr Sawa also sees training as much more than a system by which someone acquires a skill. "Training is a two-way process. After a time, training is not about being taught things. We rely upon local people to use their training to come up with their own ideas based on their local knowledge and experience. That way we can get nearer to producing the right products for the European market."

Working at Ricoh is proving popular. According to Jean Michel Romann of Ricoh Industrie France there are about 30 applications for every operative's job. For supervisor roles, where a French Baccalaureat standard plus two years training is required, there is often as many as 10 applications for each job.

At the heart of the local community

While the creation of new jobs and products, better training, new local markets, fresh opportunities for local suppliers and a much improved service for European customers are the main benefits of Ricoh's localisation policy, the list does not stop there.

The company likes to involve itself with the local community at many levels. Ricoh Products is providing £30,000 to the new Telford Athletic Track which opens with the World Athletic Championships this autumn. The company has also made donations to the famed Ironbridge Gorge Museum in Telford, which attracts visitors from all over the world.

Ricoh's Telford Plant

Rather than have a grand ceremony to mark the start of the thermal paper factory, Ricoh Industrie France contributed towards the refurbishment of Colmar's historic Old Customs House. Ricoh has also supported local football teams, hospitals and many other organisations in England and France.

Ricoh places great importance in everyone playing a part. "Together we work to make the company strong and successful," says Mr Nakamura.

"What is the difference between a Ricoh copier and another?" asks Colmar's Mr Sawa. "The machines may look similar – but the difference lies in the human ability and resources that have gone towards making the product. Understanding different cultures and producing the best from them – that is the key to success in localisation."

Sometimes a stork, which nests in the nearby church steeple at Wettolsheim, suns itself in the beautiful "memory garden" which holds archaeological remains found during the Wettolsheim plant construction. The bird stands by the shadow of a Ricoh commemorative pillar which bears, among others, the Wettolsheim coat of arms – a turtle. Both the stork and the turtle are signs of long life and good fortune in Japan. Together they are a happy symbol of the fruitful co-operation between Japan and Europe which Ricoh is successfully building.

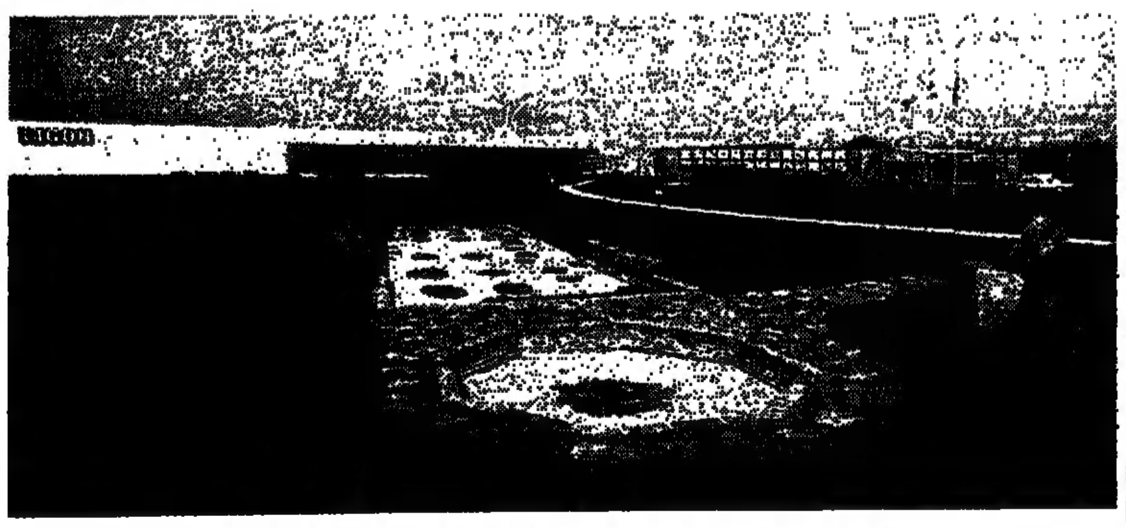
Mr Koji Sawa, president and director general of Ricoh Industrie France, with Hubert Schwanger, the production director of Ricoh Industrie France, who was born near the Colmar plant

SPREADING THE OLYMPIC SPIRIT

AS A PIONEER in advanced office automation, Ricoh was the obvious choice as official sponsor for facsimile systems at the 1992 Olympic Games in Barcelona. Ricoh fax machines will provide the highly efficient and reliable communications upon which every country taking part in the Winter Olympics in Albertville, France and the Summer Olympics in Spain will depend.

Ricoh will soon complete the installation of the world's first facsimile network, which will span 165 countries on six continents. In all, 300 machines will link the International Olympic Committee headquarters in Lausanne, Switzerland, with all 165 National Olympic Committees, 89 IOC members, 33 International (sports) Federations and 13 other recognised organisations worldwide, as well as the Albertville and Barcelona Olympic Organising Committees.

The company is already well ahead of schedule. The fax machines, which have been built to carry even the heaviest communication traffic, include the ultra-reliable FAX07 and FAX70 and FAX90 family. They will ensure that information before and during the Games will continuously be updated and will reach places as far away as Thimphu, Bhutan and Lima – within minutes.



FROM IRON AGE TO SPACE AGE

THE archaeological finds unearthed at the super-modern Ricoh factory site at Wettolsheim, France, show that it was occupied during two different eras. It was a Neolithic village between 5,300 BC and 4,700 BC and an Iron Age graveyard and village between 900 BC and 400 BC. The site is thought to have been home to the first of the agricultural peoples of Central Europe during the Neolithic Age, while the Iron Age Celtic population could be considered Gallic ancestors. There is also a Roman well on the site which dates back to 50 AD.

More than 10,000 objects were gathered in the area: pottery, objects of bone and flint, animal remains, stone hatchets, ornaments of bone, bronze, iron, glass and amber. The memory garden symbolises an important archaeological find on the site.

RICOH

Ricoh Europe B.V. Groenelaan 3, P.O. Box 114, 1180AC, Amstelveen, Holland (31) 20-5474111 Ricoh Europe B.V. Belgium Branch Weiveldlaan 41, Gebouw A 1930 Zaventem, Belgium (32) 2-7209782 Ricoh Europe B.V. Düsseldorf Branch Hansa Allee 201, 4000 Düsseldorf 11, Germany (49) 211-52850 Ricoh Europe B.V. East Europe Representative Office Generali Centre House A, Mariahilfer Strasse 77-79, A-1060, Vienna, Austria (43) 222-5862595 Ricoh Deutschland GmbH Mergenthaler Allee 38-40, 6236 Eschborn, Germany (49) 6196-9060 Ricoh España S.A. Guitard 45; 08014 Barcelona, Spain (34) 3-4900960 Ricoh France S.A. 192, Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, Paris, France (33) 1-47454510 Ricoh Industrie France S.A. 144, Route de Rouffach, 68920 Wettolsheim, France (33) 89-415757 Ricoh Italia S.p.A. Viale Suzzani, 287, 20162 Milano, Italy (39) 2-6473412 Magne Ore A.S. Fyrstikkalleen 1, Etterstad 0602, Oslo 6, Norway (47) 2-685090 Ricoh Office Systems Nederland B.V. Heliumweg 16, Postbus 868, 3800AW Amersfoort, Holland (31) 33-670811 Ricoh UK Ltd. Ricoh House, 1 Plane Tree Crescent, Feltham, Middlesex TW13 7HG, U.K. (44) 81-7516611 Ricoh UK Products Ltd Priorslee, Telford, Shropshire TF2 9NS, U.K. (44) 952-290090.

Japan suggests SDR issue to meet finance demands

By Peter Norman, Economics Correspondent, in Washington

MEMBERS of the International Monetary Fund's policy making Interim Committee will be asked on Monday to consider plans to pump additional reserve assets into the global economy.

Mr Michel Camdessus, the IMF managing director, disclosed yesterday that Japan has suggested that the Interim Committee should discuss a new allocation of special drawing rights, the international reserve asset issued by the IMF, to help meet the world's high demand for finance from the end of this year.

An SDR allocation could help some countries overcome short-term financing difficulties. Some developing countries, for example, are so short of currency reserves that they have problems obtaining much needed imports.

The Japanese suggestion marks a change of heart concerning the SDR by the IMF's second-biggest member. Until now Japan, along with the US, Britain and Germany, has opposed new issues of SDRs on the grounds that they would constitute an unnecessary and potentially inflationary addition to global liquidity.

WORLD BANK

WASHINGTON 1991

It is thought that Tokyo's decision to raise the idea has been prompted by concern that that there will be insufficient funds to meet the financing requirements of eastern Europe, Latin America and the Middle East.

The SDR is a basket currency, made up of the US dollar, yen, D-Mark, sterling and French franc, and is worth about $1.33. It was introduced in the 1970s to expand global liquidity and 21.4bn SDRs are held in the reserves of IMF members. The last SDR issue was in 1981.

Mr Camdessus said yesterday that the world should be able to cover its financing needs this year. The question was whether it would be able to do so from next year onwards.

The IMF's management was consulting with the fund's executive board on the merits and demerits of an SDR allocation and would be "delighted" if the IMF membership agreed to launch an in-depth study of the issue.

However, it is uncertain whether the idea will attract the necessary 85 per cent support among fund members to be adopted.

To be implemented, an SDR allocation must have the backing of the US, but yesterday Mr David Mulford, US Treasury under-secretary for international monetary affairs, said Washington would not be able to support such proposals on the grounds that it would be unconditional liquidity.

It is also unclear how large any SDR allocation should be and how it would be made.

US steps up pressure for interest rate cut

By Peter Norman and Peter Riddell in Washington

THE US administration yesterday continued to press for lower world interest rates, making a clash with Germany a near-certainty at Sunday's meeting of finance ministers and central bank governors from the Group of Seven leading industrial nations.

President George Bush yesterday said on television that he wanted "to see these interest rates down a little bit, including our own." That would be good for the world economy, he said.

By contrast, Thursday's Financial Times reported Mr Karl Otto Pöhl, the Bundesbank president, as saying that Germany would resist calls from the US to cut rates at the G7 meeting. A clash on interest rates therefore appears inevitable at the G7 meeting, although it is expected that it will end with a communiqué that papers over the cracks.

Mr Bush's remarks were yesterday reinforced by Mr David Mulford, the US Treasury under-secretary for international monetary affairs. He told a press conference that the US wanted greater awareness in the G7 of the need to maintain, and where necessary, re-establish growth. He said the US believed inflationary pressures were subsiding and real interest rates in Europe were too high.

Underlying the US stance is a belief that America's G7 partners have not sufficiently appreciated the adverse developments in the world economy over the past two years.

The changes in eastern Europe and the Gulf war have created a huge demand for capital that cannot be met from traditional sources now that Germany has moved into current account deficit and Arab oil producers no longer have surpluses.

A more cautious approach on interest rates was advocated yesterday by Mr Michel Camdessus, the managing director of the International Monetary Fund. He did not think the main industrial countries could force interest rates lower.

McNamara calls for aid to be linked to cuts in arms spending

By Stephen Fidler in Washington

AID TO developing countries should be made conditional on their reducing military spending, Mr Robert McNamara, former head of the World Bank, said yesterday.

In a wide-ranging speech on the consequences of the end of the Cold War on military spending, Mr McNamara strongly urged the linking of financial assistance to movement "toward optimal levels of military expenditures". These optimal levels should take into account any external threat being faced by a country.

When decisions concerning allocations of foreign aid were made, "special consideration should be given to countries spending less than 2 per cent of their gross national product in the security sector".

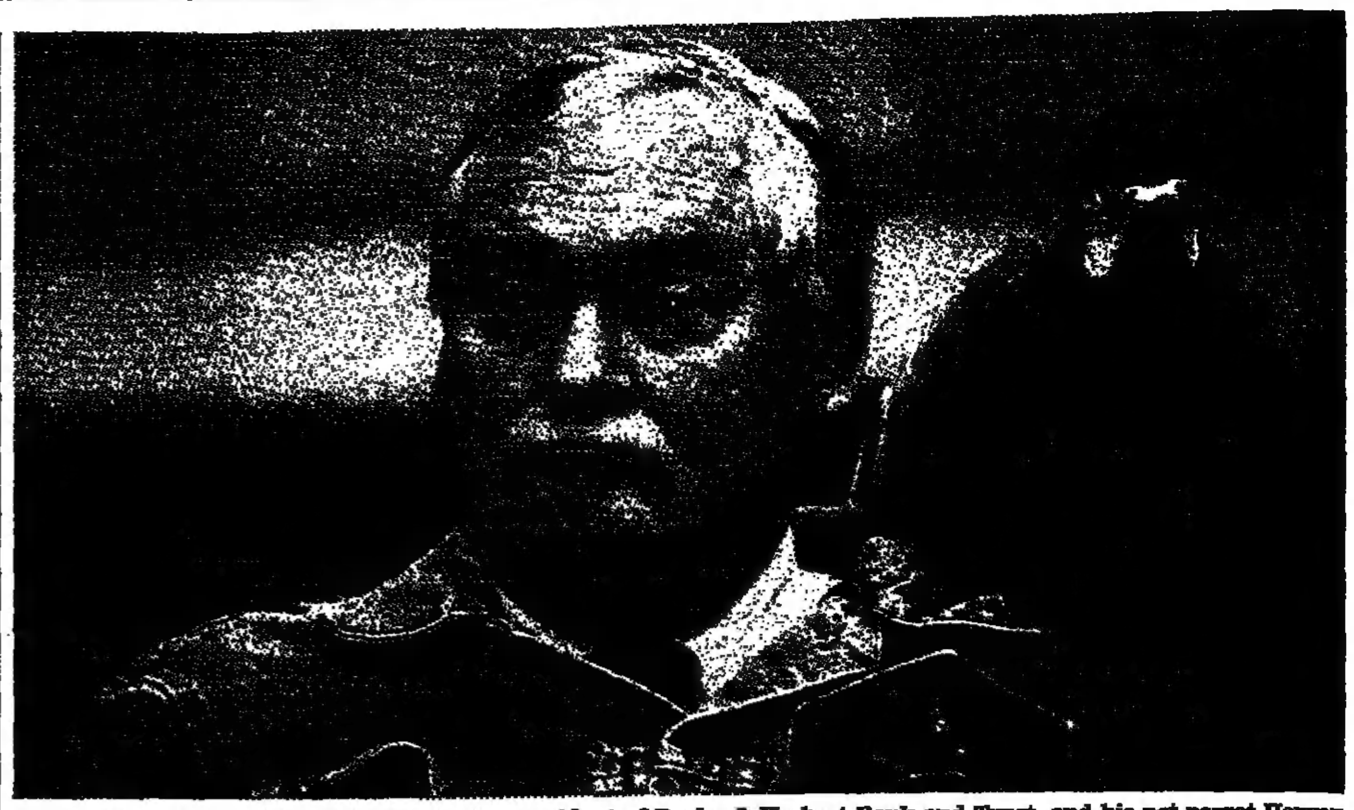
Speaking at a World Bank annual conference on development economics in Washington, he said that the huge savings thus made could be used to address pressing economic and social needs.

"I am conscious that application of such conditionality will be difficult and contentious," said Mr McNamara, a former US defence secretary. "Nevertheless, it is, I believe, an essential part of the solution to the waste represented by excessive military spending in poor countries."

Military spending in the Third World totalled $170bn a year, 4.3 per cent of aggregate gross national product. If that were to be reduced by half over the next decade, it would free up savings equivalent to half current Third World spending on health and education and more than twice the amount of development assistance received from industrialised countries and multilateral financial institutions, he said. By comparison, the US spent 6 per cent of GNP on the military. This proportion could be reduced by half within six to eight years, at a saving of $150bn a year in 1989 dollars, Mr McNamara said.

Between 1978 and 1988, the Third World imported $371bn of arms, three-quarters of the arms traded internationally. Mr McNamara linked a reduction of demand for arms in the Third World to a system of collective security – guarantees by the United Nations Security Council and regional organisations of territorial integrity.

Governments producing arms should also sharply reduce the availability of finance for arms. He noted that some countries spent a lot on security for internal rather than external reasons.



A word in your ear: C.S. Taylor Burke Jr, president of Burke & Herbert Bank and Trust, and his pet parrot Harvey pause during testimony before a House banking sub-committee on the restructuring of the banking industry

Exxon may face Valdez criminal trial

By Bernard Simon in New York

EXXON faces the prospect of a costly, lengthy and highly-publicised criminal trial unless it agrees to raise substantially the $1.1bn settlement it reached with the US and Alaska governments over the Exxon Valdez oil spill.

The oil company's liability for damages from the March 1989 disaster has been reopened by a US judge's decision to reject as inadequate the $100m criminal fine which was included in the settlement. The remaining $1bn is a settlement of civil damages.

Exxon said yesterday that "while we are carefully considering the implications of the judge's decision, we are continuing our preparation for trial."

The company has 30 days to decide whether to withdraw its guilty pleas to four violations of environmental law, and thereby face a criminal trial. Judge Russel Holland indicated that he would treat the case as a priority, raising the prospect of a trial as soon as June or July.

The federal justice department warned that the rejection of the criminal fine also threatens the $1bn civil settlement. Judge Holland said that the fine, although the biggest in an environmental case, was not a strong enough deterrent.

"I'm afraid these fines send the wrong message, suggesting that spills are a cost of business that can be absorbed," he said.

Ms Hope Babcock, general counsel for the National Audubon Society, a Washington-based conservation group, predicted that Exxon would return to the bargaining table on the criminal settlement, but that the justice department and the Alaska state government might also seek higher civil damages.

According to Ms Hope, a trial would result in a fine of at least $700m, with an indeterminate upper limit, especially if the case was heard by a jury.

Pressure on Exxon over the disaster has increased on several fronts in recent weeks. The US government earlier this month published a summary of scientific studies which indicate that environmental damage caused by the spill was much greater than initially thought.

Argentina seeks UK help on privatisation

By Ken Warn

ARGENTINA is seeking UK expertise to help with the next stages of its ambitious privatisation programme.

Mr Guido di Tella, Argentine foreign minister, met representatives of British companies and financial institutions, including Baring Brothers, the merchant bank, and ICI, in London yesterday, to discuss the privatisation programme and encourage UK investment in Argentina.

"We are very interested in the British experience of privatisation," he said in an interview with the Financial Times. "Britain has great expertise in this matter, particularly in the creation of regulatory mechanisms to monitor companies after privatisation."

The first phase of Argentine privatisation was criticised for its haste and dogged by rumours of corruption. The gas, water and electricity industries, including SEGBA, the greater-Buenos Aires area electricity company, are next in line, and Argentina is eager to ensure adequate regulatory frameworks and maximise competition.

Mr di Tella, who met Mr Douglas Hurd, UK foreign secretary, on Wednesday, was optimistic on relations with Britain. "We have a specific problem with the (Falkland) Islands and the fisheries issue, but commercial relations are excellent."

Trade with the UK was growing very quickly, he said. "Exports from the UK to Argentina, which had been lagging, have been picking up."

Trade between the two countries had recovered only slowly after the 1982 Falklands conflict. However, after Britain and Argentina established full diplomatic relations last July, Argentine exports grew quickly to a monthly average of about $20m (£11.7m) by the end of last year, against only $3m previously. UK exports stood at about $13m a month.

Mr di Tella was adamant that Argentina would not relinquish its claim to sovereignty over the Falklands. "We think we have right on our side. We think we will eventually convince the British government and the islanders to accept a different sort of settlement. However, we are aware of the peculiarities of the islands and their history and this is something we want to respect. We are willing to discuss all sorts of arrangements with the islanders that would be more congenial."

Ashley Ashwood

Guido di Tella: "Interested in British experience"

FDA backs drug despite law suits

By Karen Zagor in New York

ELI LILLY, which is facing a deluge of lawsuits claiming its best-selling anti-depressant Prozac makes patients murderous or suicidal, yesterday said a liquid version of the drug had been approved by the Food and Drug Administration (FDA) to treat depression.

Mr Leigh Thompson, vice-president of Lilly Research Laboratories said: "The company welcomes this announcement as another affirmation of the safety and efficacy of Prozac in relieving clinical depression."

Lilly claims to be the victim of a smear campaign by litigious products liability lawyers and the Church of Scientology, a cult-like quasi-religious group which is hostile to psychiatry and has labelled the drug "a killer."

Prozac has been favoured by doctors since it hit the US market in December 1987, largely because it lacks many of the side-effects associated with similar products.

The drug is considered less toxic than other anti-depressants and Lilly claims it is extremely difficult for patients to kill themselves with Prozac. Lilly said that of the 3.5m patients who had taken the drug, there had been only one death by overdose using Prozac.

The publicity and litigation has had some effect on Prozac's command of the anti-depressant market. Prozac's sales have slid to 21 per cent from about 25 per cent in July.

Car sales fall 13.7%

US car sales fell 13.7 per cent in mid-April as the traditionally strong spring selling season seemed to have fallen flat, analysts said, Reuter reports from Detroit. The annual selling rate for the period dropped to a recessionary 5.6m from 6.4m a year ago. Buyer interest is up, but consumers simply are not buying, they added.

Disney strikes back in Muppets fight

WALT DISNEY has filed a counter-claim against Henson Associates, a family-run company founded by the late Jim Henson, denying allegations that it knowingly violated copyrights and trademarks of the Muppets puppet characters and seeking unspecified damages, writes Karen Zagor in New York.

Henson Associates filed its copyright-infringement suit to prevent Disney from using the Muppets without a licence on April 17. A trial on the merits of the suit will begin on May 13.

Disney has agreed not to open "Kermit the Frog Presents Muppetvision 3-D" before May 24.

Disney had conditionally agreed to acquire the Henson film library and the right to some of Henson's most popular characters in 1989, in a deal valued at about $150m. However the relationship between Disney and Henson started to disintegrate after Mr Jim Henson's death last year.

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privatisation

Labour banks on new role in capital city

Ivo Dawnay looks at how the opposition plans to keep London ahead of Frankfurt

THE opposition Labour party's spokeswoman on the Square Mile, Ms Marjorie "Mo" Mowlam, claims: "Up until now there has been a natural antagonism between the City of London and Labour. That has now passed.

"As the European single market develops, Labour is

Marjorie Mowlem: taking socialism to the City

now seen as user-friendly – our aim is to make the City user-friendly to the consumer throughout Europe."

If Ms Mowlam's upbeat reading of her party's relationship with Britain's financial centre owes a little to wishful thinking, the fact that it now publicly wishes to be user-friendly to the manipulators of capital is evidence of how much the party has changed.

Few dispute a sea-change in Labour's approach to its old enemy, nor its desirability. With the single European market looming, Ms Mowlam and her colleagues are more than aware that, in government, they will be responsible for championing the interests of British financial services.

In consequence, both sides have replaced the old confrontational rhetoric for something approaching a constructive dialogue.

No discussion of Labour's plans for regulating the self-regulators or tackling insider dealing is complete without Ms Mowlam volunteering unsolicited praise for Sir David Walker at the Securities and Investment Board (SIB) or Mr Peter Rawlins of the stock exchange.

Elsewhere, Labour puts heavy emphasis on two-way consultation before legislation with the accent on the need for flexibility, simplicity and transparency. This applies to the City's dealings with its clients and to a Labour government's approach to the financial services industry.

Above all, Labour's message is that its intentions to improve consumer protection and counter financial fraud dovetail with everyone's objective of ensuring that London stays the EC's financial services capital.

"We have got to think strategically about what we want in Europe," Ms Mowlam says. "At the moment we are in the lead, but, without strategic thinking, in five or 10 years time Frankfurt will be snapping at our heels."

One consequence of such an exercise is to recognise the general conservatism of European consumers and act accordingly. Labour insists that it supports the goal of wider share ownership.

But on City regulation, takeovers and SIB, it is determined to act.

It wants reform of the 1986 Financial Services Act. The profusion of regulatory bodies - stock exchange, Department of Trade and Industry (DTI) and self-regulating organisations (SROs) - confuses Britons and foreigners alike and must be simplified.

Turning the SIB into an "executive agency" accountable to the secretary of state for trade and industry would allow it to absorb many of the DTI's investigative powers, Ms Mowlam says.

The insider dealing team based at the stock exchange would be relocated at the SIB.

In turn, the reformed SIB would have responsibility for a product monitoring group to ensure financial products meet their marketing claims. It would enforce a greater degree of disclosure - of agents' commissions or tie-ins between insurers and banks, for example - at point of sale.

Tighter investor protection such as legislative powers to oversee company prospectuses and share issues are also under consideration. Labour would agree that the new functions taken over from the DTI should be funded by central government.

The heavy costs of fraud investigations and investor compensation for victims would be born, where feasible, by guilty parties. But already hard-pressed SRO affiliates will continue to cover the financing of existing responsibilities.

Revolution in the City: How the FT saw Big Bang in 1987: Labour now seeks to lead the capital into Europe

Those financial pressures would only hasten Ms Mowlam's other goal of slimming down the present four SROs to two - one for wholesale and one for retail services. If they did not, the SIB could simply "unrecognise" its errant offspring.

This, together with simplified rules and, possibly, graduated protection requirements distinguishing between the small investor and the more worldly-wise institutions would reduce costs, Labour believes.

The new SIB would have a chief executive appointed from outside the civil service and would maintain its own salary structure. Government would outline policy, determine tasks and establish an advisory board.

If the proposed changes cast gloom over the City, Labour's plans on takeovers may bring some cheer to the more rickety corners of industry.

Ms Mowlam claims that the so-called Tebbit doctrine - that competition issues alone are the only basis to halt a takeover - has already died at the hands of Mr Peter Lilley, the present secretary of state at the DTI.

But she would go further, giving the Takeover Panel statutory backing, requiring the Office of Fair Trading (OFT) to make a "public interest" recommendation and creating rights of consultation and information for employees.

Criteria to be examined would cover everything from the effect on employment, the local region, research and development and even the balance of payments. The stake level at which bids would be required is likely to drop from the current 29.9 per cent to as little as 15 per cent.

Formal notification to the OFT would be necessary before bids go ahead.

Ms Mowlam justifies the changes as essential to level the playing field for British companies, historically equity financed, with the complex security that cross-shareholdings and bank support make prevalent among companies on the Continent.

Industry is "pig sick" of its vulnerability to predators, she says. "I am not opposed to takeovers, but I want them to be for the right reasons."

Nonetheless, she goes on to insist that the Takeover Panel will be given a high degree of flexibility. "I accept the argument that it is not in anybody's interest to create litigation battles," she adds.

With the threat of European takeovers in mind, Ms Mowlam say Labour will review the 40 per cent limit on building societies' borrowings from the wholesale markets, a factor that could make them vulnerable to Continental predators.

Labour believes these measures combine recognition of the coming single European market. By bolstering industry's defences and spring cleaning the City's less salubrious corners, it claims it can protect British interests.

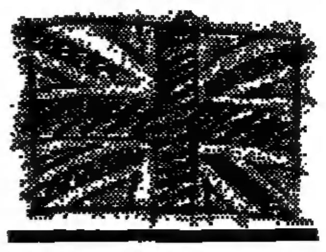
Meanwhile, Ms Mowlam is caustic about inflexibility in the Tories' handling of the EC's investment services directive - now under negotiation - and its "do nothing" response to the local government "swaps" cases and their damaging effect on foreign banks' attitudes to London.

The latter, she says, "will not only put the City in bad odour but will also put the new futures and options market in Frankfurt in a plus position".

With Europe the "headline issue" in London, the Conservatives approach to Brussels is to attempt to dictate their terms. Labour, she insists, will negotiate.

If Labour wins the coming general election, London can only hope that this spirit of compromise will be as equally generously dispensed at home as it will be abroad.

BRITAIN IN BRIEF



Ministers to meet over N Ireland

British and Irish ministers meet in London today for the last time before historic round-table talks on Northern Ireland's future with agreement still to be reached on where later stages of the negotiations will be held.

Talks, bringing Northern Ireland's constitutional parties together for the first time in 15 years, start on Tuesday with a series of meetings in Belfast.

The meeting will be the last conference under 1985 Anglo-Irish Agreement before the start of wide-ranging talks engineered by London, and which could see the agreement being replaced.

Teacher strike call fades

The National Union of Teachers, the largest teaching union, has backed away from strike action in opposition to the government's review body for teachers' pay. But its executive reaffirmed the union's opposition to the body, and refused to rule out the use of industrial action in future.

Mr Kenneth Clarke, the education secretary, last week made the setting up of the review body conditional upon the unions "tacitly" giving up the strike weapon.

Rail unions fail to unite

Rail union leaders failed to agree on whether to ballot on industrial action or seek arbitration over a 7 per cent pay offer from British Rail. They are to seek a common strategy within a week.

The executives of the RMT and Aslef rail unions are to meet separately to discuss whether to hold an industrial action ballot of up to 95,000 BR workers over a pay offer which BR says is final and both unions have rejected.

Cambridge to launch MBA

Cambridge University is to launch a new management institute and its own MBA, following a donation of £5m by Mr Simon Sainsbury of the food retailing family. The institute will open this September, and expects to admit more than 150 graduate students within three years.

Clarke eases school changes

Schools which have opted out of local authority control will no longer have to wait five years before changing their character, Mr Kenneth Clarke, education secretary, announced. Only 62 of the 4,000 secondary schools in England and Wales are grant-maintained but Mr Clarke said he was "utterly convinced" they would become the norm.

Danger of fast cars highlighted

People in high-performance cars are twice as likely to die in accidents as those in standard performance vehicles, according to a report published by the Department of Transport.

The report did not state that any one car was safer or more dangerous than another but it did highlight cars well above or below the average accident figure for that range of vehicle.

Among post-January 1987 cars showing an above average accident rate were the Ford Granada, Rover 800 Series, Ford Sierra, Ford Sapphire, Ford Orion, Ford Escort, Ford Fiesta and Fiat Uno.

Irish GEC plant to close

Northern Ireland's economy suffered a setback with an announcement that GEC Alsthom is closing its plant at Larne, County Antrim, with the loss of 500 jobs.

The plant makes parts for power stations at home and abroad but has been finding it increasingly difficult to secure orders.

In a statement GEC said: "Decisions in 1989 to cancel the 900 MW coal-fired stations and to abandon the UK nuclear programme removed four years' worth of manufacturing work on the company's order book."

Guy's hospital to cut staff

Guy's, the London hospital which is one of the most famous to become a self-governing trust under this month's health reforms, plans to shed staff throughout its organisation. The hospital's managers are also mounting a review of all clinical activities over the next three months which may lead to some services to patients being withdrawn.

Healthcare group to move

Smith & Nephew, the international healthcare company, is to move its group research centre from Essex, south-east England, to a new science park to be built at the University of York, in the north. The £15m Smith & Nephew research centre will be the first and largest tenant on York Science Park. The 21-acre park, next door to the university's campus, is a joint venture between the university and P&O Developments, property subsidiary of the P&O group.

Print union discriminated

The print union Sogat has admitted to an industrial tribunal that it represented women members at a print company less effectively than men because they were split into single sex bargaining groups.

Green advice

A new "green" committee to be chaired by Mr John Collins, chairman and chief executive of Shell UK, is to be appointed by the government to advise it on the role of business and industry in improving the environment.

UK NEWS

Carmaker under global pressure to cut costs after very heavy losses

Ford to trim workforce by 12%

By Kevin Done, Motor Industry Correspondent

FORD, the US car maker, is planning to cut around 2,500 jobs or 12 per cent of its salaried workforce in Europe [illegible] the next three years.

Ford of Europe's net profits plunged by 79.6 per cent last year, to only [illegible] (from $1.29bn in 1989 and a record $1.56bn in 1988), its [illegible] worst result in ten years.

Ford is under considerable financial pressure worldwide and is being forced to take far-reaching measures to cut costs.

In the final quarter last year it ran up a net loss of $519m, its first quarterly loss for eight years and its second highest quarterly loss ever.

Ford of Europe said yesterday that it was reviewing its European cost structure. "Salaried personnel costs must be reduced significantly, if we are to remain competitive".

It said that the cuts would come from "indirect" salaried staff and would not hit manufacturing or sales operations.

It was aiming to cut around 30 per cent of indirect salaried staff at a rate of around 10 per [illegible] a year over the next three years. Ford of Europe has around 21,000 salaried staff with the main presence in the UK with 9,800 and in Germany with 7,300. Ford said that the [illegible] process was still under way and that a final decision was still to be made on how to [illegible] the cuts.

It is expected that the com[illegible] will seek to reduce in particular middle and senior man[illegible]t in order to reduce some management layers and [illegible] authority [illegible] down the organisation.

It will also reduce the number of foreign service employees by hiring more salaried staff locally, and will cut indirect staff.

[illegible] in Europe had already been cut from 130,500 in 1982 to 115,500 in [illegible]

However, it rose to [illegible] last year largely through the inclusion of Jaguar, the luxury car maker acquired at the end of 1989. The Ford group's new car sales in Europe (including Jaguar) fell by 3.2 per cent to 1,534,000 last year.

[illegible] vehicle production (including light commercial vehicles) in Europe fell by 4.3 per cent to 1.776m from 1.855m a year earlier.

A SHARP warning that the recession could turn out more severe than the government has predicted was delivered yesterday by an all-party committee of MPs.

The treasury and civil service committee, in its report on this year's budget, criticises the government for being slow to respond to the economic decline and for getting its forecasts wrong.

It also warns of the dangers of a squeeze on credit by banks forcing into liquidation companies which, in more normal times, would have been viable.

The report comes in the wake of several gloomy surveys of business opinion in the past few days. These have conveyed doubts about the pace and timing of the economic recovery, which the government hopes will start in the summer.

The recovery could be delayed, according to the committee, if the UK is unable to continue over the next few months its recent programme of cutting interest rates. Another imponderable is the degree to which the US economy picks up.

"We are concerned that the recovery is so heavily dependent upon a revival in consumer confidence and consumer expenditure, which may falter if the rising trend in unemployment continues unabated," the report says.

The committee highlights what it calls the "[illegible]" discrepancy between the relatively bullish Treasury forecasts at the time of the autumn statement last November, and this body's much bleaker set of projections provided with the budget last month.

Major seeks healthy lifestyle for UK

By Alan Pike and Emma Tucker

THE DEVELOPMENT of a programme to raise health standards in Britain will dominate discussions between Mr John Major and medical lead[illegible] at Chequers, the prime minister's country residence, on Saturday.

Mr William Waldegrave, health secretary, last month [illegible] his intention to set specific targets [illegible] reducing the death toll from the main killer diseases. Saturday's meeting will examine ways of achieving the targets and encouraging [illegible] lifestyles.

[illegible] ernment and the medical profession developed into outright hostility during the [illegible] government's National Health Service reforms, which took [illegible] month.

The atmosphere has improved since Mr Major became prime minister, and his decision to invite leading doctors and other health specialists to the Chequers meeting is further evidence of this.

The proposed health [illegible] will contribute [illegible] World Health [illegible] international programme designed to [illegible] health inequalities within and between nations by the year 2000.

[illegible] are running [illegible] some individual British cities, but until now there has been no overall programme for England.

Debates about [illegible] health [illegible] – which many health promotion spe[illegible] linked [illegible] economic circum[illegible] – have proved politi[illegible] in the [illegible]. There were [illegible] yesterday that the [illegible] will be [illegible] by [illegible] government's [illegible] plans.

Mr Robin Cook, the opposition Labour party health spokesman, yesterday circulated a draft [illegible] the government's proposals and said they contained no commitment to action by ministers to achieve the targets.

"This [illegible] barely [illegible] are poor are more likely to be in poor health, and offers not a [illegible] to reduce the [illegible] gap between rich and poor."

The government hopes that its NHS reforms, which have separated [illegible] financing of health care from its provision, will encourage purchasing health authorities to determine the health priorities of their populations and allocate resources accordingly.

Many of the lifestyle issues [illegible] government's proposed [illegible] are [illegible] like [illegible] smoking habits.

Mr Michael O'Connor, director of the Coronary Prevention Group, [illegible] yesterday [illegible] the government would [illegible] countering [illegible] own aims of improving the nation's health if it continued to oppose EC proposals to ban cigarette advertising.

The overall health of the British population, measured [illegible] of mortality rates, is improving but there are still very large regional and local variations. Scotland, for example, has one of the world's [illegible] for death [illegible] heart disease.

[illegible] problems are frequently associated with other social factors like poor housing and, consequently, economic circumstances. Although [illegible] explanations for health [illegible] tions are complex a number [illegible] recent studies have argued [illegible] there is a powerful link between [illegible] of health and deprivation. One [illegible] these, a study of London in the 1980s, showed that death rates among [illegible] men in the capi[illegible] inner-city [illegible] were double those of the more affluent outer districts.

OBITUARIES OF A FINANCIAL TIMES WRITER AND PHOTOGRAPHER

David Thomas: a respected specialist

DAVID THOMAS, the FT's Natural Resources Editor, who died on Wednesday, aged 37, was one of those writers who give journalism a good name. He delighted in uncovering folly and inconsistencies, but [illegible] intellectual rigour that he was respected as much by the people he wrote about as by his colleagues and competitors.

David Thomas

David was a scholarship boy from Cwmbran, [illegible] who [illegible] in social and political sciences at Cambridge University before completing a PhD, published as Naturalism and Social Science.

Throughout his later career, which [illegible] from the research department of British Coal and the TUC to New Society magazine and the Financial Times, David retained a speculative interest in the clash of ideas and the larger truths of modern society. However, he was also driven by an intense curiosity [illegible] ap[illegible] detail [illegible] his chosen fields.

At the TUC, he was thought to be one of the most brilliant researchers taken on by the economic department in 20 years. He gained that reputation partly because of his prodigious output, but mainly for his incisiveness in challenging [illegible] orthodox ideas of the Labour movement in the mid 1970s, for example about the introduction of private capital into nationalised industries.

He brought the same spirit of iconoclasm and thoughtfulness to the FT when he joined the labour staff in 1985. His initial anxieties that he might not make the grade as a news reporter were quickly proved wide of the mark.

In a succession of important specialisms, from electronics and telecommunications, to education and then energy and natural resources, he showed a predatory delight in the chase, an ability to prise information from the tightest sources and a sure judgment as to its true importance. Sometimes when a government department was being difficult he would harangue an official until he got what he needed. He was, in short, a superb reporter, who saw each story as a piece in the mosaic of policy and industrial strategy.

While covering the electronics sector, he became fasci[illegible] by the rise of Alan Sugar's computer company, Amstrad. The [illegible] was a book, Alan Sugar, The Amstrad Story, which won [illegible] critical acclaim and also made the [illegible] list.

Colleagues attest that although he did not suffer foolish ideas gladly, his demolition of opposing points of view was always done with a good-humoured relish that kept his existing friends and made him more. Behind a rather shy, donnish exterior, he was a witty and companionable man.

Colleagues in his department will miss him for his enthusiasm and extraordinary capacity to collect and assemble snippets of information into an important story.

The trade of journalism will miss a man whose abilities would have brought distinction as an academic, a civil servant or a political activist, but which he chose to devote to understanding industry and society, reporting the truth and analysing why it mattered.

David lived with his partner, Jenny Rossiter.

Alan Harper: Fleet Street craftsman

ALAN HARPER, who died on Wednesday at the age of 34 in a car accident while on assignment for the FT [illegible] Kuwait, was a photographer [illegible] approach to his profession was firmly in an established Fleet Street tradition.

Alan Harper

His attitude was that of a no-nonsense craftsman, interested in the best practical picture in the circumstances, rather than as an artist temporarily slumming.

That approach was rooted in his professional background and training. He started his career at a small commercial photographic laboratory before moving to the darkroom of the [illegible] Newspapers' [illegible] office. The office provided a daily photographic service to the group's newspapers, led by the Yorkshire Post.

From the outset, Alan's aim was to be a photographer for a national daily paper, and he moved to the Financial Times in 1981, again as a darkroom technician.

He revealed an early ability to get the most out of every negative, and displayed a keen interest in all aspects of the photographic craft. It was therefore inevitable that time would bring an increasing number of opportunities [illegible] move out of the darkroom. He became a full-time FT photographer in 1986.

Alan joined the paper's camera team at a time when there was still uncertainty about the proper role of photographs in the FT, partly due to the poor reproduction of the presses at Bracken House, then close to the end of their usefulness.

His photographic confidence and fluency grew along with that of the paper, helped by the greatly improved reproduction of the new [illegible] East India Dock, opened in 1988. As scope for imaginative photography opened up, Alan was among the keenest of [illegible] seeking to take advantage of the new opportunities to print and display pictures properly.

He was best known, among his colleagues, for a fascination with political photography. A series of memorable pictures of Mrs Margaret Thatcher, [illegible] her administration grew to a close, capture both her undiminished zest for the fray and the photographer's equally striking determination to outstrip his previous efforts in each successive portrait.

A second area of particular success was set-piece photography, where the challenge was not one of pushing shoulders with rivals from other newspapers but of thinking his way round technical obstacles. Colleagues recall a picture of Canary Wharf taken from the British Telecom Tower as a technical achievement of the [illegible] quality; and readers will perhaps [illegible]ber a pho[illegible] of the new bridge that forms the Dartford crossing of the Thames, published earlier [illegible] month.

Colleagues describe a modest, extremely energetic [illegible] with a mischievous determination that kept him permanently cheerful. He leaves a wife and young daughter, and two older daughters.

TECHNOLOGY

Voice and radar out on cassette

International air traffic control agencies and large European [redacted] system manufacturers are showing interest in a new technique for the continuous recording of radar information and voice communications between pilots and air traffic controllers developed by a small Hampshire-based company.

Walton Radar Systems, with a turnover [redacted] £1m [redacted] year, has pioneered a new system integrating voice [redacted]d radar recordings which [redacted] just won its first order from [redacted] Canadian [redacted] department. It will be used in military air traffic control at the low-level flight training base at Goose Bay on the Labrador [redacted]

The CAA is interested in acquiring the new enhanced system integrating both voice and radar data on the same digital [redacted] And Eurocontrol, the [redacted] air traffic control agency, is also studying the use of the Walton system, especially as a last-minute recorder capable of replaying and locating conver[redacted] air traffic controllers in the [redacted] of [redacted] aircraft incident.

Recordings [redacted] radar [redacted] voice communications [redacted] increasingly regarded as providing important data in the investigations of aviation accidents. The CAA has been routinely recording air traffic control radar data for many years. But the new system enhances continuous radar recording by making it more compact and swifter to replay as well as providing voice recordings.

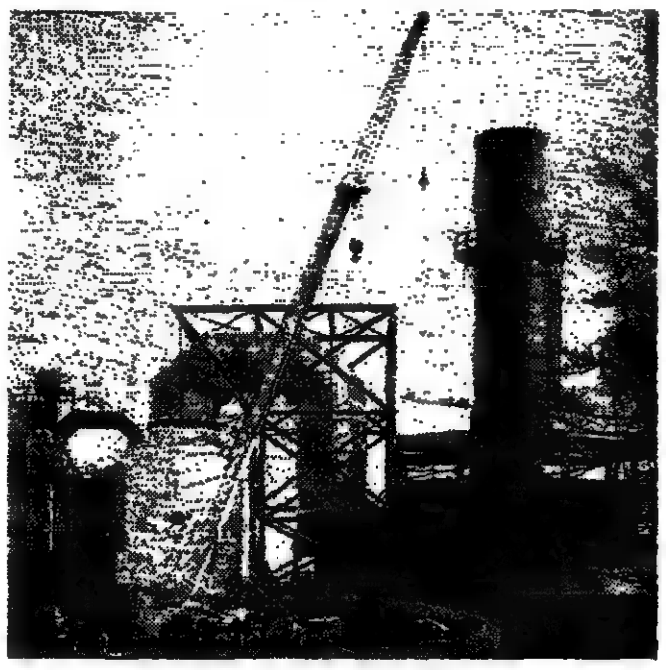
Walton developed the radar recording technology for the Royal Navy in 1982. It was used during the Falklands war for tactical analysis and planning. The recorders were also used in the Gulf war. But the company sees the civil aviation market offering the biggest potential for its technology.

"Radar recording is becoming recognised as a vital part of air traffic control," says Mike Jones, Walton's chief executive. "But it is a specialised business. Our success has been based on the fact that we have developed systems specifically for the recording of radar data," he explains.

Paul Betts

Juliet Sychrava describes how [redacted] waste recycling system developed by American Indians could help in the fight against pollution

A tribe of innovators



The Passamaquoddy scrubber gets the dirt out

It was developed in a dustbin in Maine by the Passamaquoddy tribe of American Indians – but it could end by transforming the way the world burns coal. At the very least, it should help make the US a cleaner country.

It is known as the Recovery Scrubber. But this new technology, described by Robert Gentile, US deputy secretary for energy, as "like using crumbs to make a meatloaf", is simple, elegant and potentially revolutionary.

It takes waste material from a manufacturing plant, mixes it with waste gases from the same plant, and recycles it, so that it can be used again. In the process, it cuts waste emissions by more than 90 per cent.

The original design is intended for use in cement plants, but could eventually be used in coal-fired power stations, where waste ash would be [redacted] scrub polluting [redacted]

"It uses a [redacted] product to clean up the environment," says Gentile. "It is so creative and innovative. And it's simple to instal. You don't have to [redacted] your plant down [redacted] it, [redacted] simply [redacted] on."

The US department of energy liked the technology so much that it backed its first commercial installation, [redacted] Dragon Products Company cement plant in Maine, with \$6m (£3.5m) of the \$11m total cost. The backing was [redacted] under [redacted] Innovative [redacted] Coal Technology scheme, which awards funds to [redacted] imaginative technologies.

Now, the Recovery Scrubber [redacted] to [redacted] through [redacted] industry – where [redacted] been [redacted] the [redacted] significant development in [redacted]

The [redacted] only recy[redacted] kiln [redacted] – which [redacted] expensive and hazardous [redacted]

'The scurbber is not a reservation concept. It's a commercial venture'

dispose of – but it cuts emissions of sulphur dioxide (one of the gases causing acid rain) by more than 90 per cent. [redacted] also consumes [redacted] dioxide, which helps [redacted] global warming. The only waste product is saleable potassium.

It works by mixing the dust with water to form slurry, and [redacted] combining [redacted] with [redacted] from [redacted] cement kiln. The carbon dioxide in the gas reacts with the dust in the slurry, giving [redacted]able limestone, while the sulphur dioxide in the gas reacts with potassium in the dust to form potassium sulphate, which can be used as a fertiliser.

While other scrubbing systems exist, they do not have this recycling [redacted]. Conventional systems introduce a new scrubbing agent, which must be bought, and then release a sludge that has to go to landfill. "What is interesting is that this was developed by an Indian tribe, and it's not a reservation concept. It's commercial, and vibrant," says Gentile.

It is also lucrative. The Passamaquoddy Indians of Maine were once among America's poorest people – earning a subsistence living from fishing and farming. But through the project they have earned a commercial reputation and the venture is being used as a case study by the Harvard Business School. The new technology could bring them returns running into millions of dollars.

It all began when the tribe won \$40m in a land claim suit in 1980, explains Tom Tureen, their attorney and now chairman of Passamaquoddy Technology, the company founded to commercialise the scrubber.

After buying one of the largest commercial wild blueberry farms – from which they now market a brand of premium ice cream – they acquired the then loss-making Dragon wet process cement plant in Thomaston, Maine in 1983.

Shortly afterwards, they hired geochemist Garrett Morrison to help solve [redacted] plant's problems with dust emissions. He then went on to invent the Recovery Scrubber.

Within five years, the plant was making an annual profit of \$8m. The tribe then sold it to the Spanish cement consortium, Cementos del Norte, for three times its original price.

With the US department of energy funding, and a further \$6m from Cementos del Norte, the tribe was able to carry out a full-scale demonstration of the process, and has since had considerable interest from cement companies worldwide, Tureen explains.

The technology could, he believes, be fitted to coal-fired power stations just as it is to [redacted] plants. "In [redacted] with a high ash content we would most likely use ash from the plant as an alkaline scrubber, and in the process renovate the ash, which could then be used in cement manufacture. You might have to add other alkaline waste, such as wood or paper waste.

"We expect there will be power plant applications where there is a high ash content, or where alkaline waste is available, for instance in Scandinavia because of the pulp and paper plants," says Tureen.

But, he points out, power plants can, under the US system, win environmental credits by investing their own money in fitting the Recovery Scrubber to other, more suitable industrial plants. Under the credit system, as long as a utility contributes to cutting overall emissions, it need not do so on its own site.

"This may be more cost effective and more en[redacted]mentally sound, because of the zero discharge nature of our system. We don't convert pollution but eliminate it, where scrubbers usually fitted to power stations add carbon dioxide and waste that has to go to landfill."

And at a cost of \$10m-15m for most installations, the scrubber – which also collects waste particles – is as cheap as conventional rivals.

The venture is being used as a case study by the Harvard Business School

It could, Tureen claims, play a big part in cleaning up some of the pollution problems in the US. There is, he says, enough waste suitable to feed the scrubber to deal with around a third of the 10m tonne per year sulphur dioxide reduction required by US legislation introduced in 1990.

Fraudsters face a fist fight

FINGERPRINTS and retina scans have been tipped as two ways of ensuring security and preventing fraud. Now a further "biometric" device has been developed that could prove more effective in maintaining security in financial transactions, such as withdrawing cash from hole-in-the wall machines.

Veincheck, developed by Cambridge Consultants and the British Technology Group, verifies a person's identity by the internal vein pattern on the back of the hand. By passing a clenched fist under a scanning camera for a fraction of a second an infra-red beam can scan the veins and the hand shape and recognise the unique pattern.

This pattern is compared with a digital representation of it stored on a plastic card to verify the identity of the person.

The developers believe the system will be more readily accepted by the public than other more obtrusive biometric equipment. They are now looking for funding to help commercialise the product – a demonstrator machine is now in operation. Veincheck could be incorporated in cash-point machines within two years.

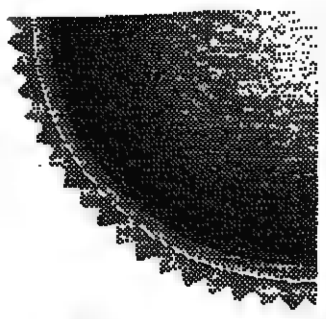
MacTooth does the filling in

DENTISTS are now being offered computer software which can help them keep a graphically coloured computer chart of all the work they do on a patient's teeth – and do away with written records and paperwork.

The MacTooth software, developed by Degree Zero, of London's Harley Street, runs on the latest Apple Macintosh Mac LC machine. When a new patient joins the practice, the details are recorded on the computer by the receptionist. After that, the dentist records details of treatment by using the mouse.

He or she clicks on to the diagramatic representation of a particular tooth on the screen and then fills in part of the tooth with a specific colour to represent a treatment. A silver splodge denotes an amalgam filling, while a bright yellow splodge denotes a gold one.

Once the treatment is complete the software translates the colours into codes from which it can generate the [redacted] bill and other paperwork. The computer also produces a spreadsheet of the practice's accounts for [redacted]



WORTH WATCHING

by Della Bradshaw

Shorter road [redacted] the Soviet Union

WESTERN companies looking for partners in the Soviet Union often face difficulties in finding the appropriate company or agency with which to join forces.

To help electronics companies in this plight, trade consultancy Asumer, of Espoo, Finland, has compiled a directory of 700 organisations in some 140 Soviet cities.

The directory – USSR Electronics Industry Manufacturing Organisations and Design Centres – contains details of companies such as design bureaux, microelectronics and components companies and industrial automation manufacturers.

A paper copy of the manual plus a disc costs \$995 (£600).

Elf research crosses channel

ELF AQUITAINE, the French oil and chemicals group, is to set up a Geosciences Research Centre in London, writes Clive Cookson.

The centre, with 18 researchers and a budget of £4m a year, will have three related research programmes: in geology, seismics and reservoir engineering. There will be a strong focus on three-dim[redacted] computer modelling, [redacted] supercomputers.

Elf [redacted] the research will be "open". [redacted] Guillon, [redacted] of [redacted] centre, [redacted] be looking [redacted] from other oil companies operating in the UK and from university geoscientists.

The establishment of the centre is a sign of Elf's efforts to internationalise its research and development activities. At present only 20 per cent of the group's FFr4.3bn (£430m) a year R&D budget is spent outside France.

Sweet way to preserve food

A TYPE of sugar, which has the uncanny ability to preserve meat and plants so that they can can be revived to their original state after being dried, has been approved by the UK's Ministry of Agriculture, Fisheries and Food for use in the food industry.

Trehalose is a simple sugar, made up of two glucose molecules stuck together, and is found naturally in yeast.

Food which has had trehalose added to it before drying, from fruit to meat, can remain on the shelf indefinitely. When re-hydrated the food resumes its colour, flavour and texture. Even vitamins, such a vitamin A, are retained during the dried phase.

Trehalose has been patented in the UK, US and Europe by biotechnology company Quadrant Research, of Cambridge, which is licensing the use of its patents to large food manufacturers.

Friendliness of a French guide

VISITORS to France this summer will get a helping hand in finding their way around the country's cities, thanks to multilingual terminals which are being sited in railway stations.

Developed by Mors, of Paris, in conjunction with the French national railway company SNCF, the kiosks – known as Kim – give information such as local bus services and directions to banks and restaurants as well as train timetable and connecting service information.

To use the service the passenger asks questions by pressing panels on the touch-sensitive computer screen, and the answers are communicated verbally. The machine responds in French, English, German and Spanish.

Contacts: Cambridge Consultants: UK, 0223 420 024. Degree Zero: UK, 071 436 3194. Asumer: Finland, 0 466 887. Elf UK: 071 [illegible]. Quadrant Research: UK, 0223 [illegible]. Mors: France, 1 48 39 42 00.

هذا من الاصل

THE PROPERTY MARKET

Birmingham core breaks outwards

By Paul Cheeseright

Rosehaugh, [illegible] fall from financial grace has overshadowed what remains an extensive development programme, is talking with the Birmingham City Council about [illegible] treatment of [illegible] acres of land adjacent to the new international convention centre and the national indoor [illegible] still under construction. This is the Brindleyplace project.

Waterlinks, the joint venture company of Bryant, Douglas, Tarmac and Wimpey, is negotiating [illegible] two large [illegible] users about the construction of nearly 250,000 sq ft of offices – a big addition to an existing development at Birmingham Heartlands, on the north-east side of the city.

At [illegible] glance, [illegible] schemes have nothing to do with [illegible] other. The first is next door to a new focal point of the city. The second is part of a scheme to regenerate a rundown district, [illegible] received the help of city grant and is the object of a visit today by Mr Michael Heseltine, the environment secretary. [illegible] on [illegible] inspection they [illegible] ments in common.

The first element is [illegible] graphical. The [illegible] just outside, [illegible] opposite ends of the city centre. They illustrate the [illegible] in which the core [illegible] of the city is breaking outwards. This is partly a planning question: the city council has for some years been seeking to induce greater vibrancy [illegible] an inner ring road. This carriageway is efficient for through traffic but holds in the city centre like a belt with a sealed buckle and is largely responsible for Birmingham's reputation as a car-crazy city.

So far the private sector has fallen in with the planning aim only to a limited [illegible]. But Brindleyplace and Waterlinks, coupled with the London [illegible] Edinburgh Trust redevelopment of the famous, or notorious, Bull Ring [illegible] with its landmark cylindrical tower, and Avatar's Arcadian shopping and leisure development, offer the possibility of a wider and more diverse city [illegible].

The concomitant of the geographically-constrained city centre is that the central office district is small – too small to cope with the demands which have been placed upon it. The agents' boards are ready evidence of a plethora of small space, but new buildings with large floors are scarce.

Research by Chesterton, the chartered surveyors, shows that this year more than 1m sq ft of office space will be completed in the city centre. But a high number of pre-lettings means that only 272,000 sq ft of it will find its way on to the market. However, Chesterton notes that, at the end of 1990, [illegible] 19 schemes, totalling 2.4m sq ft, has outline or [illegible] planning consent which had not been [illegible]. Whether all [illegible] schemes will be built is a matter of some doubt.

Against this background, Brindleyplace and Waterlinks – the latter with abundant land supply – could have the effect of doing for Birmingham what the Rosehaugh-Stanhope-British Rail Property [illegible] development at Broadgate did for the City of London: extend the central business [illegible].

The second common element of Brindleyplace and Waterlinks is that, although they were born in the heady days of surge in property values during the late 1980s, they are projects likely to come to fruition in the next cycle of the property industry, probably during the mid- and late 1990s. But their financing techniques reflect not the debt-led speculative development of the 1980s but the desire to reduce exposure of the early 1990s.

Waterlinks was conceived as part of a wider regeneration plan, progeny of the joint city council/private sector urban development [illegible] which also bears the name Birmingham Heartlands. It owed its origins to a belief that private-sector expansion would make financially possible the trans[illegible] areas into an office park, a belief [illegible] a fillip by [illegible] that [illegible] values surge, had quietly assumed control of up to 40 acres of land for a mere £10m.

Brindleyplace has always been seen as a complement to the convention centre. It was under [illegible] the ill-fated Merlin group, which persuaded the city council of the advantages of a development [illegible] the once-fashi[illegible] of the [illegible] marketplace, [illegible] offices and other amenities such as a national aquarium, thought [illegible] a potentially lucrative national tourist attraction.

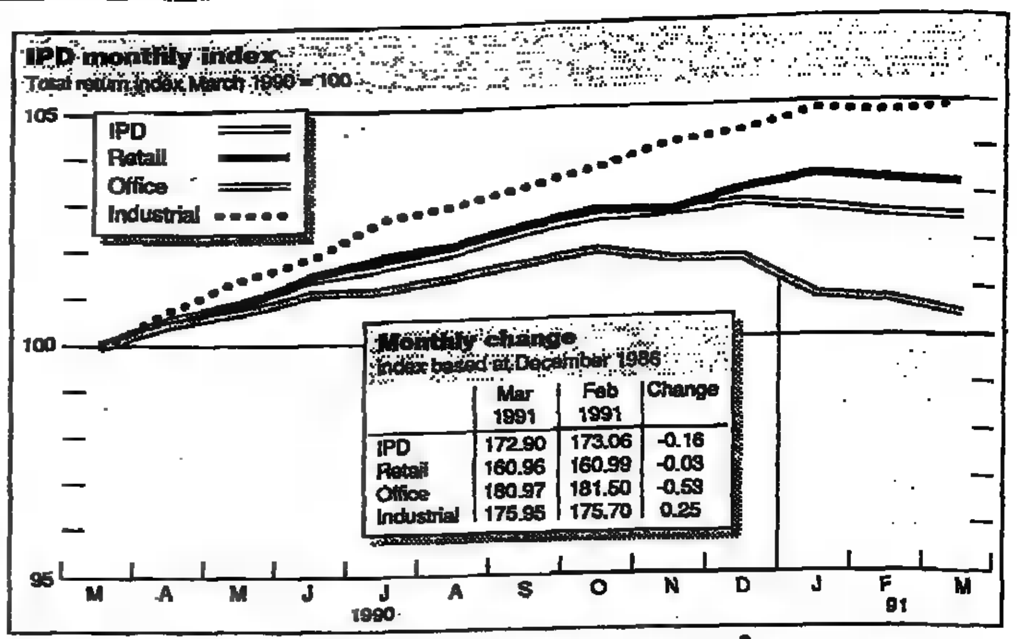
Merlin moved [illegible] a joint venture with Shearwater, in the late 1980s a high-flying Rosehaugh subsidiary specialising in retail. Merlin eventually [illegible] out. [illegible] was absorbed in Rosehaugh, as the latter sought to control its finances. Rosehaugh has completed the purchase of the land from the city council for £16m and brought in the Terry Farrell partnership to re-work the whole scheme.

This re-working is now the subject of negotiation with the city council, but Rosehaugh hopes by the end of September to have in place a detailed planning application for a first phase, largely of shopping and catering facilities to back up the convention centre, and an outline application for the whole site.

Rosehaugh envisages a development built around a series of squares with 1m sq ft of offices (up from the 600,000 sq ft planned by Merlin), about 50,000 sq ft of retail (down from the 200,000 sq ft in the Merlin scheme) plus a hotel and a leisure complex, the nature of which remains the subject of talks. Rosehaugh has dropped the idea of an aquarium. So there is much for the city council to ponder.

While Rosehaugh will move into the first phase on its own account, the rest of the development will be market-led. That is, if there are no customers for the office buildings they will not be built. Cash flow would be helped by selling on the land for the leisure developments.

Likewise, Waterlinks keeps 40,000 sq ft of offices, speculatively built, as stock, but will not undertake large-scale office building without a pre-let or a design-and-build contract. Caution is the watchword.



Monthly change
Index based at December 1986

	Mar 1991	Feb 1991	Change
IPD	172.90	173.06	-0.16
Retail	160.96	160.99	-0.03
Office	180.97	181.50	-0.53
Industrial	175.95	175.70	0.25

Marginal rise continues

OVERALL returns showed a marginal improvement for the second month running, according to the Investment Property Databank monthly index.

Although rental and capital growth were both the [illegible] as in February, increased income lifted total returns to -0.4 per cent. As a result, returns for the March quarter were higher than those recorded over any of the previous four quarters.

The opposite has been true of rental value growth, with a modest but continued deterioration in each quarter over the [illegible] 18 [illegible]. Estimated rental value growth was -0.3 per cent in the March quarter.

Annualised total returns fell slightly to -7.9 per cent. Capital growth was -13.6 per cent and rental value growth now stands at a mere 2.5 per cent.

Both the office and industrial sectors recorded a slight improvement in returns, whereas that of the retail sector worsened over the month.

Offices remained the least [illegible] sector for the month, the quarter and the year. Rental [illegible] growth remained negative at -0.3 per cent, bringing the decline for the quarter to -1.2 per cent. Total return for the quarter was -3.0 per cent, similar to the returns recorded for each of the previous three quarters.

Offices annualised return of -11.1 per cent is lower than that for industrials (-3.7 per cent) and retails (-6.4 per cent).

The industrial sector made a zero return in March – a slight improvement on February's results. The March quarterly total return of -0.4 per cent was the best recorded for any sector over the last year.

Vanessa Houlder

LEGAL NOTICES

PRESS AND GAZETTE NOTICE
INSURANCE COMPANIES ACT 1982
THE SUMITOMO MARINE & FIRE INSURANCE COMPANY LIMITED
TRANSFER OF GENERAL BUSINESS

1. NOTICE IS HEREBY GIVEN that The Sumitomo Marine & Fire Insurance Company Limited applied to the Secretary of State for Trade and Industry on 19th March 1991 for the approval, pursuant to section 51 of the Insurance Companies Act 1982, to transfer to The Sumitomo Marine & Fire Insurance Company (Europe) Limited all of its rights and obligations under all policies written by it in the United Kingdom prior to 1st January 1991, with the exception of policies issued under the London Master Energy Line Slip and the London Master Drilling Rig Line Slip.

2. Copies of the Statement of Particulars of the proposed transfer are available for inspection at the Company's offices situated at Sedgwick House, The Sedgwick Centre, London E1 8DX during Monday to Friday at 9.30 am to 5.30 pm from 26 April 1991 till 17 May 1991 then at the Company's new premises at One Aldgate London EC3N 1LP at 9.30 am to 5.30 pm from 20 May 1991 until 27 May 1991.

3. Written representations concerning the transfer may be sent to the Secretary of State for Trade and Industry, Department of Trade and Industry, Insurance Division, 10-18 Victoria Street, London SW1H 0NN before 25 June 1991. The Secretary for Trade and Industry will not determine the application until after considering any representations made to him before that date.

COMPANY NOTICES

COMMERCIAL BANK OF LONDON PLC

NOTICE IS HEREBY GIVEN that the sixty-ninth Annual General Meeting of the Company will be held at its registered office, Basildon House, 107-112 Leadenhall Street, London EC3A 4AR on Monday 20th May 1991, at 12 noon, for the following purposes:

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31st December 1990 together with the Report of the Auditors thereon.
2. To declare a dividend.
3. To re-elect the Directors retiring by rotation pursuant to Article 83 of the Company's Articles of Association.
4. To re-appoint the Auditors and to authorise the Directors to fix their remuneration for the ensuing year.

AS SPECIAL BUSINESS

5. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

[illegible]

6. To consider and, if thought fit, pass the following resolution as a special resolution:

"THAT:

the regulations contained in the printed document submitted to the Meeting for the purpose of identification signed by the Chairman thereof be and the same are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association thereof."

7. To consider and, if thought fit, pass the following resolution as a special resolution:

"THAT:

the Memorandum of Association of the Company be altered by the addition of the following to Clause 4(X):

"(X) To purchase and maintain insurance for the benefit of any persons who are or were at any time officers or employees of the Company or any other Company which is a subsidiary or subsidiary undertaking of the Company or in which the Company has any interest, whether direct or indirect, or who are or were at any time trustees of any pension fund in which any employees of the Company or of any other such Company or subsidiary undertaking are or have been interested including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other Company, subsidiary undertaking or pension fund and to such extent as may be permitted by law otherwise to indemnify or to exempt any such person against or from any such liability; for the purposes of this paragraph "subsidiary undertaking" shall have the meaning ascribed thereto by Section 258 of the Companies Act 1985 (as amended)."

It is confirmed that special notice under Section 293 of the Companies Act 1985 has been received by the Company to move Resolution No. 5 above.

By Order of the Board
D.L. HUMPHREYS
Secretary

Basildon House
107-112 Leadenhall Street
London EC3A 4AR

25th April 1991

NOTES:

1. Any member of the Company entitled to attend and vote at the above Meeting may by such a proxy, who need not be a member of the Company, to attend and, on a poll, to vote instead of him.
2. There are no contracts of service which are required to be made available for inspection at the Meeting.

CLUBS

MANAGEMENT

Northumbrian takes the steam out of bargaining

Michael Smith reports on the water company's controversial moves to change the role of its eight unions

It is all very well for companies to deny bargaining rights to trade unions when setting up a new plant. But employers which take representational roles away from unions and give them to organisations they have set up themselves are courting serious industrial relations problems. They rarely try it.

Northumbrian Water, which supplies water and treats sewage in the north-east of England, thought the potential rewards were tempting enough for it to make the attempt, although the value of doing so remains to be seen.

For the moment, however, it is remarkable enough that Northumbrian has persuaded the eight unions which represent its 1,200 strong workforce that they should give up the lead role in pay negotiations – and that it has done so with remarkably little public criticism from them.

The process the company and the unions have recently completed falls short of derecognition. None the less it will mean a significant diminution in power at Northumbrian for the eight unions – Nalgo, the GMB, the TGWU, Apex, Ucatt, the EETPU, the AEU and Nupe – which currently represent the company's employees.

Following a recent accord, pay and other matters relating to employees will be determined at a company council consisting of 11 members, four appointed by management and seven elected (indirectly) by the workforce. Although the unions will elect a representative to advise the council, they will not control the selection of the seven employee councillors.

Such a scheme strikes at the heart of trade unionism. It is hard to imagine anything like it being accepted in union strongholds like local government or large engineering companies. Yet the unions at Northumbrian, the largest part of the Northumbrian Water Group, were not an easy target.

The company is, after all, based in the north-east of England, an area where union traditions are strong. Although the company says the proportion of employees in unions has slipped from a peak in 1979 of about 98 per cent, the present figure, 83 per cent, is still above that at many other organisations.

The industrial relations which Northumbrian has experienced in recent years hardly provided a reason for the company's action. True, there was a 31-day strike by manual workers in 1983 but that was part of a national stoppage. National pay bargaining has since been abandoned, following withdrawal by Northumbrian and Thames Water, and at Northumbrian both unions and management believe their relationship since the 1983 strike has been cordial.

What then were Northumbrian's motives? Mike Temple, regional personnel advisor and the man who developed the details of the new system, says that the company did not deliberately set out to weaken the power of the unions, even though he does not deny that that has been the effect. "What we wanted was a better relationship with our employees."

The change in the role of the unions was not a quantum leap by the company, says Temple, but part of a gradual process of developing more teamlike, company-conscious attitudes. "We want to get rid of the them and us attitude," says Temple.

The idea was encapsulated in rather more grand language in a recent message to employees; this said that all employees, whether manual workers or management, were in the same "'big team', with common vision, mission and values".

As part of the unifying process, staff have been taken through two-day courses, some of which is designed to inculcate values such as recognising other people's points of view and satisfying customer needs. Team briefings have been introduced to help improve internal communications; team working has been increased; and the company is gradually bringing in single status conditions by which everyone will work under the same terms of employment, including holidays, sick pay and pension benefits.

Plenty of other companies have adopted similar strategies but Northumbrian saw the way the unions functioned as a barrier to creating the "big team". Temple says: "Trade unions have interests other than the pure success of the company. They each have full-time officers, they each have their own history and prejudices and they each owe loyalties to the TUC and to members outside the company."

At one stage the company considered derecognising all the unions, denying them any role in the company. However, by the time it announced its plans in November, it said it was prepared to recognise one union on the grounds that employees wanted the security of a trade union to represent them. All very well, but none of the unions wanted to relinquish its members at the company.

In the end a compromise was reached by which all eight agreed to act as one in a confederation. The unions thus kept their members but most employees believe union powers at the company were none the less very considerably curtailed.

Since the ending of national bargaining, pay has been determined by a system in which local full-time officers negotiate with the company. Northumbrian says that in future pay will be determined through the company council, advised both by a confederation representative and a representative of an employee association being set up, in part, for non-union members.

Mike Temple: did not deliberately set out to weaken the unions

The seven company councillors who represent employees will be appointed by members of seven local employee councils who in turn have been elected by the workforce. Issues they will discuss will include health and safety, the role of the business and its performance, research and development and, of course, pay.

Quite how pay will be determined is unclear. Temple says he hopes that decisions can be arrived at through members arriving at a consensus rather than voting. The decision is then likely to be put to a ballot. What is certain is that pay rises will be determined through the council, rather than through talks with full time union officers, says Temple.

In spite of the changes, Don Macrae, district officer of Nalgo, with about 360 members the largest union there, says the agreement is a long way from the derecognition once [illegible] "in practical terms may not make that much difference".

The unions will have representatives on a standing committee to deal with harmonisation of conditions and Macrae believes this committee could have a significant, possibly decisive, influence on pay determination, particularly in the first year.

The union [illegible] will have a right to represent members involved in disciplinary procedures and will have safety representatives on each of the seven area councils. Macrae says that the seven company councillors representing employees are also likely to be active union members and that this has proved to be the case so far.

None the less the compromise is far from what the unions would have liked. "It is what we have got and we will make the best of it," says Macrae.

How then did Northumbrian achieve the changes so smoothly? The unions considered industrial action but it was never a serious proposition. The 1983 strike by manual workers proved that it is not easy to stop water companies doing their business; water still flows even if significant numbers of employees are missing.

Northumbrian also helped itself by preparing the ground for change long in advance. As long ago as February 1988, Sir Michael Straker, the chairman, told employees that eight trade unions was too many. The creation of the company council was hinted at last May when Northumbrian set up the seven area councils. The various steps, and the reasoning behind them, have been explained through such methods as team briefing.

By the time the proposals were announced there were some unlikely converts to the cause, among them Malcolm Fraser, president of the company's Nalgo branch.

Fraser, a union activist for many years, has become the chairman of the employee association, which many see as a rival to the unions, but sees no conflict with that and his Nalgo position. He says the company had had problems relating to employees and creating a common purpose because there were so many different unions and bargaining groups.

Union power was always fragmented because there were so many of them and management always had the upper hand in pay talks because of the lack of militancy among employees, he says. "There was more chance of being kicked to death by a demented donkey than getting members of Nalgo out on strike."

Fraser believes the new system will give employees "two bites of the cherry" because the employee association will also involve previously unrepresented non-union members.

Among ordinary workers, both white- and blue-collar, there is concern that a loss of union power has been designed to weaken the hand of employees. One Nalgo member, who works in Northumbrian's head office in Pity Me, County Durham, says he would have preferred the company to have modified the bargaining system rather than replace it.

The main worry is that the employees' lead role in pay determination will be played by ordinary workers, unskilled at dealing with management, rather than full-time union officials. "People on the company council are not clever enough to represent us," says Jimmy Metcalfe, a joiner and a member of the Ucatt construction union who has been with the company for 17 years. "The union officials know all the ins and outs. I think pay could suffer." The changes, says Metcalfe, appear to be for the company's benefit "rather than ours."

Comments like that are typical. They demonstrate that the company has some considerable way to go before it succeeds in creating the "big team" which it says is behind the employee representation changes. The challenge is [illegible] the employees are not alienated.

A Japanese view of competition

Simon Holberton reports from last night's Stockton lecture at the LBS

The quest for the secret of Japan's economic success has brought forth an avalanche of scholarly, and not so scholarly, books and articles over the past decade. As a genre it has been dominated by foreigners.

It is salutary, therefore, to hear a Japanese academic of the stature of Professor Hajime Yamashina – until recently chairman of the department of precision engineering at Kyoto University and a man associated with two of Japan's leading business awards, the Production and Maintenance Award and the Deming Prize – putting so little emphasis on Japan's industrial success in terms of its financial system or industrial structure.

Instead, Yamashina, in delivering his Stockton lecture at the London Business School last night, located Japan's industrial strength in companies' continuous redefinition of what it means to be a competitive manufacturer in the context of producing "attractive products with attractive costs"; and, by seeing orginality in the ability to develop and make [illegible] as well as invent them.

This orientation has had important consequences for the deployment of people throughout a manufacturing company, and the skills of those employed.

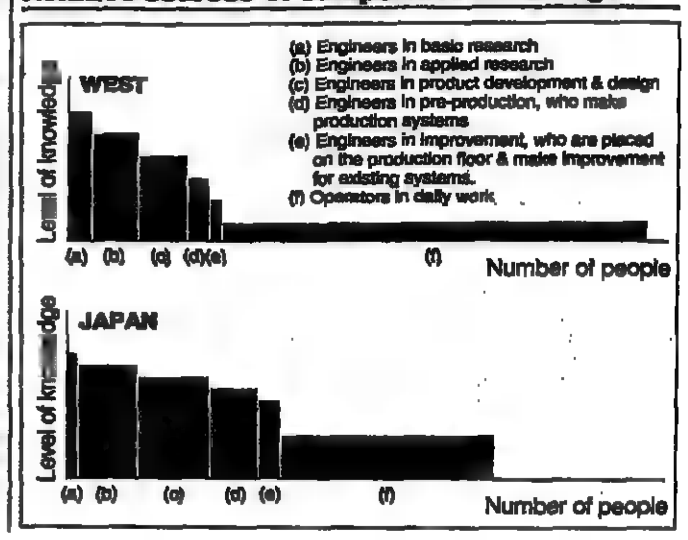
As the charts below indicate, the deployment of engineers in Japan is greater in the design and developmental phases of manufacture than in the west, and is comparatively weaker at the stage of origination. Significantly, the stylised Japanese company employs fewer (but more qualified) operators than does its western counterpart.

Yamashina said that, in the pursuit of competitive manufacturing, Japanese engineers in categories (d) and (e) have been concentrating in three areas: better quality control; higher value-added per person; and, shorter lead times. All are important, especially the latter.

Product variety is now a given condition of competitive life and, "there has been a growing need for products matching individual persons' circumstances, personality and tastes which eventually leads to customer orientation production, meaning a separate model for every customer".

The Japanese are great [illegible] of [illegible] and epochs. The current one is [illegible] "constantly launching new product period", and it plays to their strengths by emphasising [illegible]-based competition and customer-oriented production.

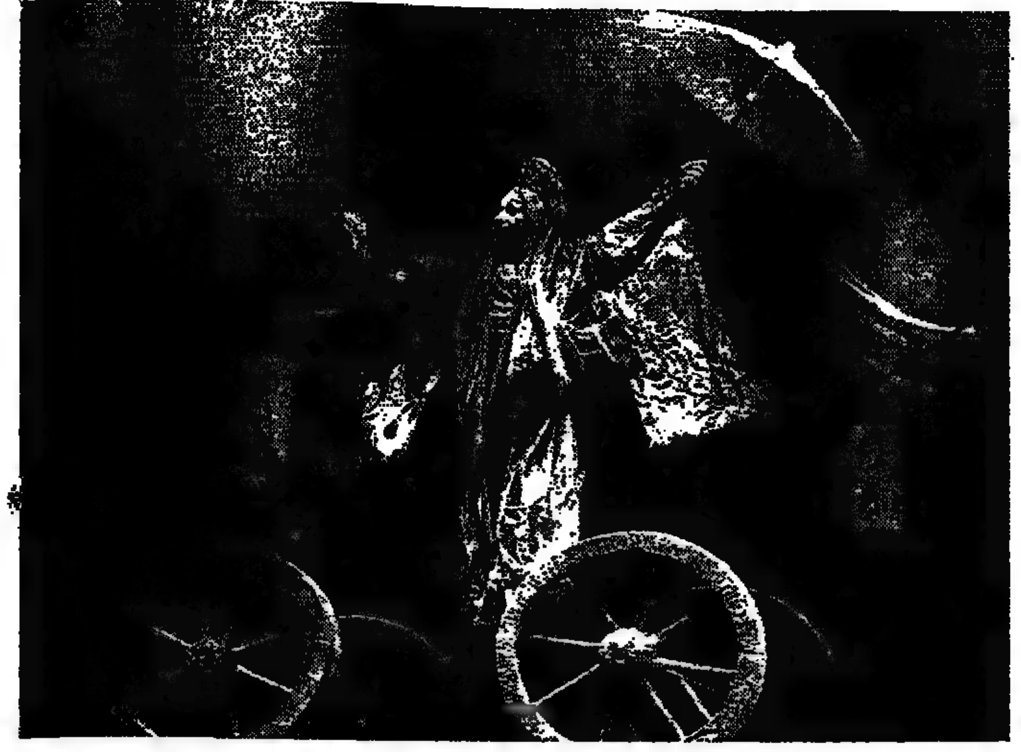
Relative sources of competitive advantage



BUSINESS FOR SALE

هدية من الاهل

ARTS



Alastair Muir

Lindsay Kemp: high priest of theatrical camp

Onnagata

SADLER'S WELLS

Lindsay Kemp, performer and director, high priest of theatrical camp and drag, is back in town; and, despite the passage of the years, he's just the same – a self-indulgent trashmonger. This time, however, he is occasionally [illegible] by things I never thought he could show – soul, wit, eloquence, talent.

As every *FT* reader of course knows well, an *onnagata* is a [illegible] travesty performer, a male member of the Japanese Kabuki theatre who performs only female roles. Kemp takes the idea of the *onnagata* as the premise for what gradually becomes a one-person autobiography, an anthology of Kemp memories. Sounds pretty icky, doesn't it? I was dreading it. For over half of *Onnagata*, which is a hundred-minute vehicle for him (no interval), he and his [illegible] of theatre revert to their [illegible] kind of dull, incense-laden, narcissistic, tacky mystique. But it is far more forward-moving than most Kemp theatre; and its use of lighting and fabric is often marvellous.

Kemp's manner tends to be a drag-queeny mix of *grande dame* and sentimental *grande horizontale*. Half of him bravely copes with the ardours of diva-dom, half of him basks in fond memories of being a great star, lover, whore, queen bee, murderess, etc. This persona – which some people find so liberated and liberating – has always struck me as pretty sickly, and I'm grateful for the unwonted dash of fun he occasionally adds here. And I'm held by the way he makes *Onnagata* entirely a personal [illegible]. Four other performers keep reappearing, but veiled and garbed in black – "invisible" Bunraku puppeteer figures.

The best scene – his long initiation and debut as *onnagata* – occurs early on. As metaphor, it keeps developing. The puppeteers mask, robe and transform him. (Something of the objective nature of Japanese theatre rubs off on him here.) At one point, he quivers in his [illegible] like a moth; whereupon flames, carried by the "invisible" men, are carried onstage. You see just how the *onnagata* is both frightened and attracted by performing, is both trapped and excited. In the slow fan [illegible] dance that follows, gender really isn't the point; beauty is.

The scenes that follow, much more obviously sensationalist, are far less interesting. He "remembers" being various female figures across history and the globe. His Salome [illegible] John the Baptist's head (while a voice sings Dalila's "Mon coeur s'ouvre à ta voix"). His Isadora Duncan does some lumpish [illegible] to a Brahms waltz, and his Loie Fuller does some rather [illegible] with two huge wings of fluttering fabric and changing colours of light (while – heaven help us – the Hostias from Verdi's *Requiem* plays). And so on.

The Hostias, like the Cujus Animam from Rossini's *Stabat mater*, are, of course, a cheap ploy to seduce an audience. Go it with God all the way to Sodom. Once or twice, however, Kemp really does use them to [illegible] something poignant – that he knows his kind of [illegible] is damned but that, even with Heaven's closed gates in [illegible], he must still pursue his destiny. Tripe, but occasionally riveting.

Alastair Macaulay

Compagnie Jean Gaudin

THE PLACE

The programme leaflet begins, of course, with a meaty quotation from Roland Barthes, and follows it with a message from the [illegible] of the evening telling us that it is not the quotation that influenced him but the way of thinking. Yes, it is the French new dance back at The Place – the Compagnie Jean Gaudin – and yes, the heart plummets as the evening gets under way, and *La Dame aux Camélias* is given the [illegible] of the kitchen.

A [illegible] from a victim of this enterprise may suggest something of its flavour. There is a large wooden trellised set, [illegible] not [illegible] with the Petainist motto *Travail, Famille, Patrie*. There is a round red velvet [illegible] with [illegible] on which the performers perch and journey about the stage area (and how I wish it had done the decent thing and taken them all to Heathrow).

There are two men and three women involved: I could identify Marguerite and Armand, but the slightly [illegible] girl, and the tall chap in the ill-cut jacket, mauve skirt and [illegible] shoes, did not really ring true as Dumas characters. There was a great deal of dialogue in French, much of it whispered, all of it of transcendent tedium, with the cove in [illegible] as chief chatterbox. He had a heavy English accent and kept his hands very busy above his [illegible] and [illegible] with ever [illegible] graceful gesticulation.

Fragments of a squally Callas recording of *La Traviata* are played when the chit-chat dies down, and two of the girls [illegible] the falsities of La Vie by bursting into mocking laughter from time to time. There are [illegible] to sniffing cocaine. M. Gaudin's "choreography" is more concerned with production than steps, and is banal.

The evening amounts to a confused, pretentious, ill-conceived and drearily executed gloss on its original, and [illegible] the support of the *Association Française d'Action Artistique*. It is singularly lacking in artistic action, and I do not find it does any good to the fair name of French contemporary creativity. It is, though, yet another example of the perfectly dreadful things the French are perpetrating under the impression that this is modern dance.

The programme-sheet provides an idiosyncratic translation of the spoken text. The key to the affair reads: "Oh, I feel like an indistinct heap tonight". A heap of *what* only General Cambronne could tell.

Clement Crisp

Twelfth Night

ROYAL SHAKESPEARE THEATRE, STRATFORD-UPON-AVON

The Royal Shakespeare Company's new production of *Twelfth Night* at Stratford is not very romantic, not very pretty and not particularly funny. It is, nevertheless, riveting to watch and contains one great redeeming grace: there is some regret shown at the end for the way Malvolio has been treated.

The director, Griff Rhys Jones, must have made a fundamental decision at the start. That was to dress the court of Illyria in naval uniform. The decision reduces the romanticism at a stroke. People in uniform walk, behave and even listen to music in a more formal way than others: they do not fall uncontrollably head over heels in love. The result is that Terence Hillyer's Orsino has no great passion for Olivia: he is coolly [illegible] throughout.

On the other hand, the approach has its [illegible]. Since Orsino so rapidly changes his affections at the end, there is no reason to believe that he was much attached to Olivia in the first place. Also, with the naval uniform [illegible] a relatively austere setting. The colours are darkish: Laura Ashley in sombre mood. The restraint is reflected in the playing. This Sir Toby Belch (Bill Wallis) does not belch. Even he has been a naval officer in his time and sometimes wears the uniform to show it. In the late night drinking scene, he is in white tie and tails. The costumes in general are of the late Victorian, early Edwardian period that is currently fashionable in Shakespeare productions.

Much of the comedy stems from the play as a whole rather than from individual characters, though there are some inspired moments. When the law intervenes in the duel scene, Sir Toby does a sword dance on the foils as if that is what he had been doing all along. Olivia ([illegible] Gurnett) wields a heavier sword than any of them. Ms Gurnett plays the part sensibly and without coquettishness: a woman who knows the right man when she sees him. That seems to me the best way of doing it.

Where Olivia comes into her own is when she realises that her steward, Malvolio, has been maltreated. Her line "He has been most notoriously abused" is said slowly and with feeling. Malvolio, played by Freddie Jones, leaves the stage with some dignity. His threat to be revenged on the whole pack of them is spoken more in sorrow than in anger, and there is some point to Orsino's statement that peace must be made with him. This avoids the cruelty of some productions where Malvolio is treated almost like Shylock.

There is a gloriously flaxen-haired Sir Andrew Aguecheek from Tim McInnerny and I liked Linda Marlowe's Maria, very much a vivacious gentlewoman. Ken Wynne's Feste struck me as over-bitter, though this fits with his role in taunting Malvolio to the end. Altogether this is a more satisfactory production of *Twelfth Night* than the one currently showing at the London Playhouse by Sir Peter Hall because it is more of a piece. A lot of thought has gone into it; a lot of pleasure comes out of it.

Malcolm Rutherford

Alastair Muir

Freddie Jones and Tim McInnerny

A city with a silver lining

Patricia Morison visits the Museum of Walloon Art, Liège

Lovers of fine silver quiver at the mention of Liège, the lovely but much-ravaged city which [illegible] the River Meuse. In the middle ages, along the length of the Meuse there were towns and monasteries famous for metal-working. The latest flowering of that tradition was the beautiful 17th- and 18th-century silverware of Liège, worthy to rank with the finest in Europe.

This vanished craft has inspired an important exhibition at the Museum of Walloon Art in Liège (until June 2). [illegible] *Silver of the Province of Liège* may not the most alluring of titles. However, this major exhibition sponsored by Banque IPPA, is something of which Walloon patriots can feel justly proud.

There has been some highly effective string-pulling behind this exhibition. Of the 300 or so exhibits, a remarkable two-thirds come from the private collections of old and unnamed Liègois families. Since it has never been shown in public nor even published, the experts and dealers are not going to want to miss such a *golden opportunity*.

They will also appreciate the exceptionally handsome and scholarly catalogue (BF 950); it is also, I might add, dry-as-dust. It gives a complete directory of Liège hallmarks, with the wry comment that it will be a great help to silver [illegible]. A few examples of fake pieces have been included in the show, their modern origin detected because of misunderstood hallmarks. However, [illegible] can [illegible] thanks to [illegible] into the kind of alloy used in Liège, mid-way in quality between [illegible] and Paris.

For the low-brow silver enthusiast, however, the exhibition offers the pleasure of a vast and varied hoard of covetable objects, ranging from coffee-pots and candle-snuffers to sword-hilts, cake-slices, and a clothes-brush. A short didactic section describes the workings of the all-powerful guild of [illegible]. However, the kind of detailed information about craftsmen, their workshops and customers which makes students of the London silver trade so happy, is missing. When the French army took Liège in 1794 and, horrible deed, burnt the vast cathedral of St Lambert, they also abolished the guilds and the archives vanished.

Liège in the Ancien Régime was an unusual place. It was the capital of a principality ruled, as it had been since the days of the great Bishop Notker in the 10th century, by a Prince-Bishop. And that, we are told with rather tantalising brevity, accounts for the style of Liège silver. No king [illegible] no vying to impress foreign diplomats and hostile powers, no posturing noble [illegible]. It meant no Madame de Pompadour, no Madame de Montespan. The Church dominated life in the city; when the bishop died, they changed the hall-marks.

[illegible] for new silver and [illegible] equally often [illegible] heirlooms along to be refashioned, were either clerics or sober-sided bourgeois. Some impression of the social setting comes from a reproduction of a painting by the 18th-century artist, Paul-Joseph Delcloche. It shows the bishop and his dinner-guests supping off oysters. There is plenty of silver about the room and on the table, but by far the richest object is the jewelled [illegible] on the episcopal midriff.

So Liège silverware tends to be elegant and unostentatious, whether the pieces are Baroque, Rococo or influenced by the new classicism which creeps in from around 1750. Generally, fashion tends to be ten years behind Paris and London. On the other hand, in terms of technique masterpieces were produced to match anything which could be brought at more metropolitan [illegible]. Not all the exhibits come from Liège; there is a group of objects from the so-called *bonnes villes* of the province, such as Maastricht, Waremme and Saint-Trond.

Splendid table fountains, containing no one know quite what, were a particular feature of the Low Countries and there are many in the show, majestically pear-shaped on three legs. Many coffee-pots and candlesticks of the 1770s have a violently twisted, swirling form which reminds us that art nouveau was [illegible] to flower spectacularly in Belgium.

Centre-piece of the exhibition is an elegant table laid for a six o'clock dinner for [illegible]. The [illegible] would seem to be [illegible] round the 1780s, last years of the good life in rich, tasteful, independent Liège.

A 'fontaine de table' attributed to Bastin Martini, 1738-1739; marque: George-Louis de Berghes

On Wenlock Edge

PURCELL ROOM

The poetry of Housman inspired a whole generation of song composers in this country, Vaughan Williams being only the most considerable of them. The cycle *On Wenlock Edge* is one of the important staging-posts in the evolution of English song and the prospect of a leading tenor taking it on always raises hopes.

On Wednesday the singer was Arthur Davies, well-known to audiences at English National Opera and increasingly on the international stage. His is an operatic tenor, clear and open in the Welsh tradition. He would probably be happier singing this cycle with orchestra, as he is not an intimate song interpreter in the line of Partridge or Rolfe-Johnson; but a little poetry in his art would undoubtably shine through in the right performance.

Unfortunately the accompaniment was far too heavy; whether through lack of rehearsal or a belief that they had a big operatic voice to support, the London [illegible] Trio (with extra violin and viola) played several notches too loudly. That special feeling of a land eternal and tranquil, the heart of what *On Wenlock Edge* is all about, was almost *wholly lacking*.

Almost, because it surfaced in the penultimate song, "Bredon Hill". At last the playing became quiet. We could hear the words for the first time and the sensitivity with which [illegible] charted the song's progress from lazy summer-time love to the chill bereavement of [illegible] gave an idea of the English song interpreter he might aspire to.

There are few song cycles written for piano quintet accompaniment and it was enterprising of the performers to couple the Vaughan Williams with the first performance of Marjolijn Anstey's *The Lost Summer: Dunkirk 1940*, a cantata based on poems by Ted Harriott. This offers few opportunities for the singer to show an awareness either of drama or poetry. But Davies's versatile singing was a reminder of what a [illegible] tenor he has become to us.

Richard Fairman

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

The highlight of the season for the Royal Ballet in London is the world premiere next Thursday of Cyrano, David Bintley's first full-length ballet for the company. It is based on [illegible] romantic adventure of Cyrano de Bergerac, telling of the hero's many adventures and his unrequited love for Roxane. A new score has been commissioned from Wilfred Josephs, and the designs are by Hayden Griffin.

Covent Garden also sees an important operatic event – Nuria Espert's new production of Carmen conducted by Zubin Mehta, with Maria Ewing in the title role, Leontina Vaduva as Micaela, Luis Lima as Don Jose and Gino Quilico as Escamillo. After tonight's opening, there are performances on Monday and next Friday, and the run continues with [illegible] changes till May 25. The other important opera production of the week is Karl-Ernst and [illegible] Herrmann's staging of Die Zauberflöte, opening tonight at the Monnaie in Brussels and running till May 19.

The Maggio Musicale in Florence opens next Friday with a concert performance of Prokofiev's Ivan the Terrible conducted by Myung-Whun Chung. Two days later [illegible] Liliana [illegible] new production of Hindemith's [illegible]. The festival, which runs till June [illegible], [illegible] Miller's [illegible] of [illegible] fan tutte, plus concerts conducted by Solti, Sinopoli, Mehta and Muti.

Two highly original productions by the Zurich Opera – [illegible] staging of Lucia di Lammermoor with Edita Gruberova in the title role and the Ponnelle production of Die Entführung aus dem Serail – can be seen at the annual [illegible] May Festival (May 1-31). The festival also offers a rare chance to see Halevy's La Juive, in John Dew's powerful [illegible] production. Other [illegible] include the Bolshoi Ballet and Armenian National Ballet, and there is a series of German-language [illegible] performances by [illegible] companies from Munich, Berlin and Zurich.

In New York, the Carnegie Hall centenary celebrations reach a peak next week with a performance of the Tchaikovsky Piano Concerto by Van Cliburn (Wed), a Schnittke world premiere with the Cleveland Orchestra (Thurs), a concert by Jessye Norman and [illegible] Levine (Fri) and a marathon star-studded finale on May [illegible]. Also in New York, as part of a Festival of Indonesia, the Museum of [illegible] Art today begins a two-week survey of cinema in Indonesia since independence in 1950.

EXHIBITIONS GUIDE

AMSTERDAM

Rijksmuseum A Century Apart: 19th century Dutch and French paintings from the museum's own collection. Ends [illegible] [illegible] Painting: [illegible] paintings and album leaves on paper and silk from 16th to 19th century. Ends June 20. Closed Mon

Van Gogh Museum Dutch Painting 1880-1895: more than [illegible] works tracing the [illegible] pioneered by the generation after the Hague School. Ends May 26. Daily

Stedelijk Museum Paintings and drawings 1974-90 by Agnes Martin (b1912), [illegible] with the New York abstract expressionists. Ends May 12. Daily

BARCELONA

Fundacio Joan Miro [illegible] Aguilar: [illegible] and drawings 1989-91, by an artist [illegible] with Minimalism. [illegible] Miller: 96 images by the early 20th century American photographer, including work from Surrealist Paris and unpublished photos of Nazi concentration camps. Ends June 16. Closed Mon

BASLE

[illegible] The Amerbach Cabinet: renaissance books, [illegible], precious metal vessels, goldsmiths' casting models and paintings (including 15 by Holbein the Younger) from the collection of the [illegible] century [illegible] patron of the arts Basilius Amerbach. Ends July 21. Closed Tues

Museum für Gegenwartskunst Rosemarie Trockel (b1952). 170 drawings illustrating the German artist's gift for ambivalence and gentle provocation. Ends June 17. Closed Tues

DUSSELDORF

Kunstmuseum Albrecht Dürer: 50 paintings and drawings [illegible], with examples of the German [illegible] work in Venice and the Netherlands. Ends May [illegible]. Daily

FRANKFURT

Judisches Museum From Bauhaus to Terezin: an exhibition devoted to Friedl Dicker Brandeis (1898-1944), with examples of student work in Vienna and Weimar, and children's drawings from the wartime ghetto at Theresienstadt. Ends July 28. Closed Mon

Schirn Kunsthalle From Lucas Cranach to Caspar David Friedrich: 52 paintings by German artists from 16th to 19th century, on loan from the Leningrad Ermitage. Ends June [illegible]. Daily

Stadtische Galerie im Stadel Peter Cornelius: original drawings for Goethe's Faust 1810-16, plus Faust illustrations by other artists. Ends May 20. Daily

HAMBURG

Deichtorhallen Himalayan Gods: [illegible] of Tibetan art, largely inspired by the Buddhist faith, from the collection of Gerd-Wolfgang Essen. Ends June 2. Closed Mon

LONDON

Barbican The True North: Canadian Landscape 1896-1939, including landscape paintings by Tom Thomson and the Group of Seven. Also Contemporary Art from Canada, focusing mainly on city and suburban images. Also Art Machine: special art show for children. [illegible] June [illegible]. Daily

Hayward Gallery The Twilight of the Tsars: Russian Art at the Turn of the Century, with 500 exhibits from [illegible] galleries. Ends May [illegible]. Daily

LUGANO

Villa Favorita Early Italian Art: 120 examples of 14th and early 15th century painting from collections in Switzerland and Liechtenstein, focusing on Gothic and early Renaissance art. Ends June 30. Closed Mon

LUXEMBOURG

Villa Vauban Goya: 200 drawings [illegible] from the Fundacion Juan March in Madrid. Ends June [illegible]. Closed Tues

MARTIGNY

Fondation Pierre Gianadda Chagall in Russia: 40 oils and 150 drawings and watercolours from [illegible] museums and private collections, including [illegible] panels [illegible] Moscow's Jewish Theatre, previously hidden from public view. Ends June 9. Daily

MUNICH

Kunsthalle der Hypo-Kulturstiftung Marc Chagall: 111 paintings and four [illegible] from American and European collections, with examples from all periods in the artist's life. Ends June 30. Daily

Lenbachhaus Nikolaus Lang (b1941): collages using natural materials from Australia, on the theme of the contrast between two cultures – the white colonial heritage and the Aborigines. Ends June 16. Closed Mon

NAPLES

San Domenico Maggiore Choir-book manuscripts 1400-1600: a collection of page [illegible], including many unpublished masterpieces, showing how the [illegible] book illumination and decoration flourished in 16th century monasteries, despite the emergence of the printing press. Ends June 23. Daily

NEW YORK

Metropolitan Museum of Art The Sculpture of Indonesia: more than [illegible] objects from collections around the world, including a life-size [illegible] Buddha as well as ancient Hindu sculpture, ceremonial [illegible] and [illegible] gold figures. Ends Aug 18. Also Eugene Delacroix: 125 paintings, drawings, [illegible] and prints from North American collections. Ends June 16. Closed Mon

PARIS

Centre Georges Pompidou André Breton ([illegible]) wide-ranging exhibition of paintings, drawings, sculpture, primitive and natural objects, [illegible] and photographs, recreating the aesthetic world of one of the leading theorists of Surrealism. Ends Aug 26. Closed Tues

Galérie Daniel Malingue Moise Kisling: the Polish-born artist was part of the cosmopolitan Ecole de Paris at the beginning of the century, which turned Montparnasse into the heartland of the avant-garde. Ends July 14. Closed Sun

Grand Palais Georges Seurat: to mark the centenary of his death, a retrospective of [illegible] paintings, studies and drawings, bringing out the contrast between the scientific rigour of the theoretician of pointillism and the spontaneity of the Impressionists. Ends August 12. Closed Tues

[illegible] Camille Claudel: 80 sculptures and [illegible] paintings, engravings and drawings, representing virtually the complete oeuvre of Rodin's disciple and [illegible]. Ends June 20. Closed Mon

Louvre, Pavilion de Flore Spanish Drawings: [illegible] 17th centuries, with 137 works from the Louvre collection along with others from major Spanish museums. Ends July 22. [illegible] a [illegible] of paintings which brings out the Italian influence on the early 16th century Flemish painter. Ends May 27. Closed Tues

Louvre (entry through the Pyramid) [illegible] of Saint-Denis. Ends June 17. Closed Tues

ROTTERDAM

Museum Boymans-van Beuningen [illegible] (1860-1923): [illegible] drawings, mainly landscapes and city views, by one of the most influential figures in [illegible] cultural life in the late [illegible] century. Ends June 30. Also A.R. [illegible] (b1939): paintings, sculptures, drawings and [illegible] from the [illegible] collections. Ends May 26. Closed Mon

VENICE

Palazzo Grassi The Celts: more than 2,200 works from museums around the world, documenting the evolution of the Celtic people from the [illegible] century BC to the dawn of the Middle Ages. Ends Dec 8. Daily

WASHINGTON

National Gallery Art for the Nation: 320 works donated for the gallery's 50th anniversary, including works by Cezanne, Toulouse-Lautrec and Bellini. Ends June 16. Daily

ZURICH

Kunsthaus Modigliani: 55 paintings and 90 drawings showing how [illegible] remained [illegible] Italian heritage while living in Paris. Ends July 7. Daily

FINANCIAL TIMES

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Friday April 26 1991

Walesa's challenge

"AN IRON curtain is [redacted] ing over the continent." With these celebrated words, delivered in 1946, Winston Churchill recognised the onset of the Cold War and [redacted] post-war division of Europe. The curtain remained [redacted] for [redacted] years and then in just [redacted] few months was torn asunder. But, as President Lech Walesa of Poland remarked during his visit to the UK, "the political iron curtain should not [redacted] replaced [redacted] silver curtain of indifference". [redacted] so long victims [redacted] Soviet determination to keep them in, must the peoples of eastern and central Europe now be victims of the European Community's wish to keep them out?

No people struggled to tear down the curtain as bravely as the Poles. Lech Walesa is the symbol of a victorious struggle in which, as he says, "the peaceful overthrow of communism in Poland changed the visage of the continent and paved the way back for other countries of central and eastern Europe to the family of free nations".

Like other post-communist countries, Poland puts its relations with the European Community at the heart of foreign policy, domestic politics and economic reform. It regards membership as the main safeguard for its democracy and liberal trade as the chief stimulus to its economy. Yet the leaders of the European Community seem to regard what the Polish government refers to as "giving Europe back to Poland and Poland to Europe" as at least an embarrassment, if not as a nuisance.

Liberal trade

True, EC foreign ministers have now accepted that membership may figure in the preamble to the prospective association agreement as "an ultimate, though not an automatic" goal. EC members have also consented to a 50 per cent reduction in Poland's external debt. However welcome, these concessions are not enough. Poland needs more than promises for the distant future; it needs more than debt forgiveness; and it needs more than aid. Poland needs liberal trade.

Poland seeks a free trade area with the EC, for essentially all products, one that would ensure stability of market access for Polish exports (about half of which already go to the EC) and would [redacted] enable Poland to maintain the open import system it now enjoys.

Market access

Liberal access to EC markets matters to Poland for four reasons: first, the EC is already by [redacted] Poland's most important trading partner and, with the virtually complete collapse of exports to the Soviet Union, [redacted] significance must grow; [redacted] ond, greater outward orientation is an essential element in the reform of the Polish economy; third, rapid growth of exports is a necessary condition for service of debt and attraction of new capital; and, finally, liberal access to EC markets is the only way that the Polish government can persuade its people to tolerate liberalism at home.

At present Poland's exports of agricultural commodities, of textiles and clothing and of steel, which account for about half its exports to the EC, are under various kinds of restraint. Those restraints did not prevent Poland from achieving rapid growth of exports last year, but are bound to limit Poland's long-term capacity to exploit its comparative advantage.

The problem for the EC is that it is committed to offerring asymmetric advantages to Poland, but finds that Poland's trade regime is more liberal than its own. How difficult EC negotiators must find it to deal with a country that embraces both the EC and liberal trade! Unfortunately, [redacted] seems [redacted] be [redacted] recommend [redacted] protection [redacted] Poland [redacted] than [redacted] liberalism for itself.

The leaders of the EC must [redacted] their gaze from their collective navel, from butter mountains and farmers' [redacted] from inter-governmental [redacted] They can choose to create something that has never before existed: a Europe whole, peaceful and prosperous; or they will bear responsibility for Latin American-style chaos and instability on their eastern borders. President Walesa has thrown down the challenge. Dare European leaders not pick it up?

Changing the constitution

CONSTITUTIONAL reform [redacted] an ugly phrase. It conjures up instability and militant minorities; and its apologists are branded as naive and out of touch with the great majority [redacted] with their gover[redacted] Yet such fears and stereotypes [redacted] increasingly [redacted] placed. [redacted] for [redacted] the governmental system are growing [redacted] well-founded. It [redacted] time they [redacted] with more [redacted] in Westminster and Whitehall.

The publication [redacted] Mori's [redacted] poll, [redacted] its kind [redacted] decade, reveals deep [redacted] faction. Large majorities [redacted] that power is [redacted] tralised, [redacted] parliament is [redacted] weak, and that [redacted] liberties [redacted] inadequately protected. Support for electoral reform, referendums, a bill [redacted] rights, [redacted] Lords and fixed-term parliaments is accordingly strong. Barely one-third [redacted] voters [redacted] broadly [redacted] isfied with [redacted] way they are governed, compared with 48 [redacted] cent in [redacted]

It [redacted] not just a question [redacted] poll figures. [redacted] and [redacted] predicament [redacted] be divorced from [redacted] political structure. Historically, [redacted] structure has served [redacted] well, and i[redacted] strengths – parliament foremost [redacted] them – should [redacted] nurtured. But [redacted] torian [redacted] of [redacted] unitary state, parliamentary sovereignty and the rule of law are no longer [redacted] evolution. Most of our European partners have gone well beyond them: we [redacted] learn from [redacted] experience, particularly that [redacted] the Federal Republic [redacted] Germany, and not pretend that Britain is [redacted] world [redacted]part, incapable [redacted] constitutional improvement.

External pressures

Yet even if the main parties [redacted] up the pretence, external pressures will intrude [redacted] long – three in particular.

First, [redacted] "Scottish question" is assuming ever larger propor[redacted] Mori found 51 per [redacted] of Scots supporting devolution or greater autonomy, with a further third favouring outright independence. [redacted] constitutional convention – which includes Labour and the Liberal Democrats – is already championing far-reaching autonomy, with a [redacted] par[redacted] to [redacted] elected by PR. [redacted] devolution in [redacted] is just [redacted] matter [redacted] time; when [redacted] ramifications [redacted] England will be unavoidable.

Europe is [redacted] second dimension. The [redacted] constitutional change already wrought by the Community is barely [redacted]ppreciated in the UK, and the [redacted] with [redacted] following the [redacted] inter-governmental confer[redacted] And the [redacted] are [redacted] as important: [redacted] munity, endlessly invoking regionalism and subsidiarity, [redacted] more [redacted] anything [redacted] give credibility [redacted] an "independent [redacted] within Europe".

Intractable issue

Third, the [redacted] Labour politics. The pursuit [redacted] untrammelled power [redacted] minster has always lain behind Labour's conservatism [redacted] stitutional [redacted] It will not survive [redacted] further [redacted] with the prospect of [redacted] redistrubution [redacted] in view. Encouraged by [redacted] Robin [redacted] his allies, the Labour [redacted]p [redacted] already thinking [redacted] unthinkable. It may be committed to it after the next [redacted]

There is, [redacted] course, no [redacted] analysis should precede firm commitment. Without doubt the [redacted] is [redacted] reform, because [redacted] impact on the [redacted]position of the Commons, [redacted] thus [redacted] governments.

Nonetheless, three [redacted] reforms [redacted] obvious merit. Fixed-term parliaments, with provision for early dissolution should a government fall, would [redacted] the [redacted] which currently preoccupies [redacted] one year in every four. Referendums on major constitutional issues, [redacted] which there are precedents, could avoid [redacted] the poll [redacted]phe. And incorporation of the European convention of human rights into British law would provide [redacted] guar[redacted] for civil rights available in [redacted] democratic constitu[redacted]

For the rest, [redacted] delibera[redacted] is preferable [redacted] crisis [redacted] – and it should start now.

The whole map of Europe has been changed... But as the deluge subsides and the waters fall short, we see the dreary steeples of Fermanagh and Tyrone emerging once again. The integrity of their quarrels is one of the few institutions that has been unaltered in the cataclysm which has swept the world." – Winston Churchill, after the first world war in 1922.

Ulster's tribal enemies are about to discuss their shared problems for the first time in 15 years. **Ralph Atkins** and **Kieran Cooke** report

A break in the Irish mist

Engaging in talks together is an achievement in itself: John Hume, James Molyneaux and Ian Paisley

John O'Hara, a 42-year-old Roman Catholic taxi driver, did not know he was part of a grotesque overture to historic talks on Northern Ireland's future as he drove [redacted] collect a fare in south Belfast last week.

Hours earlier loyalist paramilitaries had announced the suspension of "operational hostilities" once talks started. There was a whiff of hope in the province, as if light had crept beneath [redacted] smog of [redacted] sectarian hatred which has engulfed Northern Ireland for generations.

But as Mr O'Hara slowed near the Lisburn Road, masked gunmen opened fire. He had become the fifth taxi driver to be murdered in the province in six months, another grim statistic from more than 20 years of the "Troubles".

Next Tuesday, Mr Peter Brooke, the Northern Ireland secretary, opens a [redacted] round-table [redacted] involving the province's political parties, the Irish and UK governments. Just reaching agreement [redacted] talk took more than a year. It will be prefaced with a meeting of British and Irish ministers in London today.

For the first time in at least 15 years, political leaders are to sit down and discuss shared problems. The killing will not stop. Men with guns still walk the streets. But given the tortured politics of Northern Ireland, the very fact that political leaders are talking is an achievement in itself.

Over the next 10 weeks, conflicting pre-conditions and aspirations will be juggled and rejuggled in the hope that enough of them can be reconciled to secure a lasting settlement. Mr Brooke himself admits the possibility of failure, saying the obstacles to be overcome may be too great "to be scaled in the limited time-frame we have given ourselves".

He has addressed, in the lexicon of the province's politicians, "the totality of relationships" within the British Isles. That covers a devolved government in the province itself, relations with the south, and between London and Dublin. Talks will start with bilateral meetings, then move to internal government in the province, before turning to the wider relationships such as the Anglo-Irish axis.

At the crux are two basic questions. How, and by whom, is Northern Ireland to be run? And what is its relationship with the rest of the British Isles? Ultimately the test will be whether shared disillusionment across the two communities, allied with political intransigence, will be sufficient to overcome decades of mistrust.

But how the agenda will unfold is as clear as Irish mist. Diametrically opposed views have to be accommodated. Many old quarrels have to be forgotten. Northern Ireland remains a black spot of terrorism and unrepresentative government in an increasingly barrier-free Europe.

Mr John Hume, leader of the mainly Roman Catholic Social Democratic and Labour party, the Rev Ian Paisley and Mr James Molyneaux, the unionist leaders, have been sparring partners for more than 20 years. Some in Northern Ireland feel progress will come only when the old guard has been replaced.

Sinn Fein, the Irish Republican Army's political wing, along with loyalist paramilitaries, has been excluded from the talks – partly because the government is adamant that no concession must be given to terrorists, partly because the main political parties could never be persuaded to sit at the same table.

Yet, despite the justifiable qualifications, the latest initiative has, perhaps, a better chance of success than the many plans littering Northern Ireland's recent history. Signs of a change of mood are evident.

At least in part, it reflects weariness. In 22 years of "the Troubles", 2,872 people have been killed in Northern Ireland, the overwhelming majority of them civilians.

Dominating the province's recent politics has been the 1985 Anglo-Irish agreement – a pact which, when signed, led to fiery protests by unionists at the prominent role it allotted Dublin in the affairs of the province. Effigies of Mrs Margaret Thatcher were burned outside Belfast City Hall. Unionists refused to meet government ministers.

Now unionists are prepared to negotiate. Mr Molyneaux and Mr Paisley have responded to a change of mood among their followers. They realise that many – particularly the young – no longer accept the old battle cries of "no surrender" and "Dublin rule is Rome rule".

There is an urgency among all parties to solve at least some of Northern Ireland's problems against the backdrop of a Europe striving for greater convergence. The province cannot afford to become fossilised in its ancient quarrels. There must be proper political representation.

Attitudes in London, too, are changing. Mr John Major does not have the same convictions about Ulster as Mrs Thatcher, who helped forge the 1985 agreement, only to be taken aback at the scale of protest from unionists – including her own supporters. Subsequently, Mrs Thatcher appeared frustrated with the whole issue, seeing Northern Ireland in terms of security. Mr Major's relative ignorance is almost an asset. His instinct, according to one senior official is, as on Europe, "to get in there and negotiate". He is prepared to listen.

Although the government in London hopes the talks will help break the cycle of violence, the security dilemma will still exist. There are now more than 16,000 army troops in the province. Army action, including house-to-house searches, alienates large sections of the nationalist community. Some youths join the paramilitaries just "to get their own back" on the army. So the roundabout of violence is given another spin.

Dublin is willing to contemplate a new arrangement that would "transcend" the 1985 Ango-Irish agreement

UK government policy is to seek a settlement acceptable to the majority of people. Finances and energies have been directed, since the 1985 agreement, at strengthening community relations and breaking the sectarian divide.

Most prominent have been the promotion of integrated schools and highly-interventionist legislation to end discriminatory employment practices. The economy of the province, where unemployment reaches 50 per cent in some pockets, has been pump-primed with billions of Treasury funds – the Northern Ireland Office expects to spend £6.4bn this financial year.

Some successes have been palpable. Ten schools, out of 450 in the province, take both Protestant and Catholic children – compared with just one a decade ago. Jobs have been created in the worst ghettos of Belfast and Londonderry. The new Fair Employment Commission has exposed companies where Protestants or Catholics have a disproportionate share of jobs. But, given the starkness of sectarian division only the edges have been chipped away.

Mr Charles Haughey, the Irish Republic's prime minister, has talked of the need "to chart a new path which will soften and eventually eliminate the divisions of the past on this island". Dublin is willing to contemplate a new arrangement that would "transcend" the 1985 pact and, possibly, remove articles two and three from the Irish constitution which lay claim to Northern Ireland.

Dublin is aware of changes in its own politics. Half the Irish population is under 28 and does not carry the emotional baggage associated with a united Ireland. A visitor to the republic might be surprised at the public indifference to these talks or to the wider problems of Northern Ireland.

But the sub-text of Irish policy is still the achievement of some form of unitary state. Mr Haughey has spoken of the need to persuade "our unionist countrymen that their future lies with us". This view is shared by the SDLP. Again, the unionists are seen as the main problem. "In the SDLP view, the central relationship, the one that goes to the heart of the matter, is the unionist people's relationship with the rest of this island, or rather their distrust of the rest of this island," says Mr Hume.

During her election campaign last year Mrs Mary Robinson, Ireland's president, talked of the need for the republic to "reach out" to unionists. But while Mrs Robinson might talk of reconciliation, she has few constitutional powers and very little influence on the direction of policy. For their part, the unionists have not rushed to embrace Mrs Robinson.

Underlying the unionists' position is an assumption that the Irish Republic's claim on Northern Ireland has to be dropped. From Mr Brooke, they have won an assurance that the province will remain part of the UK as long as [redacted] majority of its population want it.

After that, unionists [redacted] as top priority renegotiation of the Anglo-Irish agreement, a pact which forced [redacted] majority community to realise it could not take sympathetic government from Westminster for granted.

Unionists are prepared [redacted] contemplate a replacement agreement, insisting that they are committed to good relations with the south. But they argue Ireland's influence must be no more than that of any other "foreign government".

That leaves scope for textual barter. Giving Dublin the right to be consulted on the affairs of the province would not be acceptable. Dublin currently has the right to put forward its views through the Maryfield secretariat outside Belfast. A right to make representations the British government, with a consulate in Belfast, might succeed.

On the question of a devolved government there is more of a muddle. Mr Molyneaux favours a devolved administration fitting "snugly" into the British parliamentary system – suggesting he wants little more than a enhanced "county council" system.

Mr Paisley backs full-blown legislative devolution along the lines of the former Stormont parliament. He rejects the concept of a "power-sharing executive", believing it did not work under the 1973 Sunningdale agreement, an early attempt to give the Roman Catholic community a voice in government, and would give disproportionate power to the minor[redacted] community.

But, perhaps influenced by the younger generation within the party, most noticeably Mr Peter Robinson, deputy leader, Mr Paisley's Democratic Unionist party is anxious to look [redacted] new [redacted] sharing executive responsibility. There [redacted] expectation of [redacted] return to [redacted] majority rule.

What shape then, in an ideal world, might an agreement take if talks were to succeed? There would almost certainly be a new Northern Ireland "government", subordinate to Westminster and Dublin, in which the voices of unionism and nationalism were carefully proportioned.

The replacement Anglo-Irish agreement would build on a willingness among the peoples of north and south to be "good neighbours" while accommodating both nationalist and unionist aspirations.

It is a tall order indeed. Most critically, any deal will depend on mutual understanding – a sparse commodity in the province. There is no guide to how the talks will evolve over coming weeks. Northern Ireland officials describe them as "organic".

All parties know they have an opportunity to show progress can be achieved by discussion and not, as the IRA and the loyalist paramilitaries would have it, by violence. It is a high-risk business. If there is no success then the grim and utterly predictable likelihood is more violence.

OBSERVER

Poles apart

■ "How did you get on with the Queen, Mr President, and what did you think of Windsor Palace?" It was the question all had been waiting for and Poland's Lech Walesa didn't disappoint.

"Windsor is very nice. But I'd move a few things round a bit if I lived there. The light was too far away from the bed - and the bed was so big I could hardly find my wife in it."

And the Queen? "Ah yes, she's like a mother. Nations like England need a mother. We need a mother too."

Walesa is also a great admirer of another lady with near icon status in eastern Europe: the iron lady herself, Margaret Thatcher. The two met again yesterday, but "far too briefly". So he invited the ex-premier to come back to Poland "for a longer talk" about her vision of politics.

He was less charmed by Sir Jeremy Morse, chairman of Lloyds Bank, who was quoted as having raised questions [redacted] of [redacted] forgiveness. Walesa, whose [redacted] long on ceremony [redacted] on substance, recalled that [redacted] Polish workers were struggling to get rid of communism western banks were bankrolling the ancien regimes.

"Imagine Poland is building a car. The 50 per cent debt relief agreed by the Paris club gives us the body. The 20 per cent added by the Americans and the 10 per cent by the French is like adding wheels to the car. Anything extra Britain can add is welcome."

Déjà vu

■ Meanwhile Sir Jeremy Morse confesses that Lloyds Bank's losses on Harry Goodman's International Leisure were the worst since the collapse of Clarence Hatry's empire in 1929. If only more senior bankers had such past mistakes indelibly inscribed in their memory, clearing bank shares would be a much better investment.

Lloyds had a £2.2m exposure to Hatry, a 1920s wheeler dealer, and ended up losing just £620,000. Lloyds' official history concludes that at a time of buoyant stock market activity more could have been done to determine borrowers' worth. "Yet it is not always easy to devise procedures that are completely foolproof against rogues, clever and cunning in their deception."

The sums of money lost may get bigger, but the excuses still sound the same.

Fall out

■ While drowning his redundancy with City colleagues, a banker sacked by NatWest began what may become a tradition on such occasions.

Reminding the drinkers of the old saw that whoever catches the bride's bouquet will be next to the altar, he took his dread brown envelope out of his pocket and tossed it into the crowd.

Timely

■ The Bank of Italy is hosting today the first of what are intended to be biennial lectures of international renown. The Paolo Baffi Lecture on Money and Finance has [redacted] created to commemorate one of Italy's most illustrious central bank governors.

Baffi's death last year recalled, among other things, his extraordinary courage in standing up to politicians who at one time appeared ready to consign him to prison because of the Bank's prying into the affairs of Banco Ambrosiano. Known as the priest's bank because of its links with the Vatican, Ambrosiano was subsequently plunged into bankruptcy by the dubious activities of its chairman, Roberto Calvi.

Today's inaugural will be given by Professor Amartya Sen who will lecture on ethics in economy and finance. It's [redacted] timely topic with the financial power of the mafia growing internationally, and Italy still lacking a proper system of law to [redacted] market [redacted]haviour.

Policy [redacted]ap

■ It would be difficult for the Labour Party to lose its reputation for being "never knowingly underlaunched." The volume of glossy manifestos and slick press conferences has intensified even though media-relations guru Peter Mandelson has departed from headquarters in London's Walworth Road.

But the promotional machine is running a bit ragged. The reason is that the general public still can't [redacted]btain the new policy document Opportunity Britain – younger sibling of Meet the Challenge and Looking to the Future – 10 days after it was launched.

Walworth Road officers are on the defensive, but admit it is an embarrassment. "We had enough copies to give out to the press at the launch," they say. Unfortunately, it turns out, in their zeal for publicity they handed the media every single copy there was.

However, the text is back with the printers and fresh supplies are expected any day now. Labour hardliners will be relieved to hear that the printers who produced the copperplate invitations to Labour's £500-a-head dinner [redacted] the Hyde Park hotel are not implicated in the delay.

Big wheels

■ When is a business school not a business school? When it's Ford Motor's UK finance department, judging by a reunion at London's Savile club last night.

Guests included Sir Allen Sheppard, chairman of Grand-Met, Sir Colin Barker, chairman of British Technology Group, Sir David Berryman, chairman of North East Thames Health Authority, and Sir John Sparrow, chairman of the Horse Race Betting [redacted] Levy Board.

Along with a bevy of finance directors from companies like GKN and Amstrad, all began their careers under John Barber, Ford's finance director up to 1968.

When he arrived from the civil service in 1955, Ford's finance department was full of little men in green eye shades. Barber changed that and went on a hiring binge. It was a period when financial analysis was in the ascendancy and Ford became a prime training ground, much as Procter and Gamble was for marketing.

Nice try

■ Pay your taxes with a smile, said a neighbourhood poster.

We tried, but they insisted on cash.

Five years after Chernobyl, **David Thomas** analyses the outlook for Europe's nuclear energy sector

Seeds of hope for a troubled industry

Five years after the Chernobyl nuclear power station disaster in the Soviet Union, nuclear power remains the controversial fuel par excellence.

Ask a nuclear expert like Mr Jean-Claude Charrault, head of the nuclear division at the European Commission, about the future and the prospects appear rosy: "Nuclear energy is beginning a new phase... For the next century, the nuclear option will remain impossible to do without."

But ask an equally informed commentator like Mr Steve Thomas, nuclear expert at Sussex University's science policy research unit, and the emphasis is different: "With existing technologies, nuclear power is already on a path of slow, but inexorable decline. World capacity is at or very near a peak it may never exceed."

A similar polarisation of views occurs whenever two or more nuclear pundits are gathered together. Over the past year, however, there has been one change: nuclear enthusiasts say they detect the first tentative signs of a revival, particularly in Europe, as memories of Chernobyl fade.

On the face of it, the evidence to support this claim is thin. Nuclear power station construction remains at a very low ebb. Only two new nuclear plants began operating in Europe last year, Penly in France and Neckarwestheim, the last remaining order in Germany. France and the UK are alone in western Europe in having nuclear stations under construction.

[illegible] have given hope to the still powerful nuclear lobby. [illegible], boasting the world's largest nuclear power output per head, has [illegible] the decision made [illegible] begin phasing out nuclear [illegible] from 1995. Facing the prospect of an energy shortfall, many observers now expect Sweden's 12 nuclear power plants to complete their natural lives.

In a referendum last September, 53 per cent of Swiss voters opposed the abandonment of nuclear power, though an almost equal number supported a 10-year moratorium on licensing new facilities.

The industry also hopes that the government elected in Finland in March will give the go-ahead for a fifth nuclear reactor. It detects signs of a re-think among politicians in Italy, where there has been a moratorium on nuclear power since a referendum in 1987.

More important still are indications that east European countries will not abandon nuclear power, despite Chernobyl. Political liberalisation has, however, led to a re-appraisal of the Soviet-designed reactors, many of which fell far short of western standards. The five nuclear stations operating at the start of 1990 in east Germany, for instance, were all closed down for safety reasons.

But east Europe has an equally pressing environmental problem – its over-reliance on hugely polluting coal-fired stations. Some countries may plump for nuclear reactors designed to western standards as a partial solution. Czechoslovakia has signed separate agreements with the French and with Westinghouse of the US, both aimed at developing its nuclear industry, which accounts for 28 per cent of its electricity generation. Bayenwerk, Presseneleektra and RWE, the three main German utilities, have plans to build modern nuclear reactors at the east German sites of Greifswald and Stendal, which housed Soviet-designed plant.

If these are the seeds of hope for the industry, there is still plenty to worry about. Six smaller European countries – Austria, Denmark, Greece, Ireland, Norway and Portugal – have no nuclear power and show no signs of wanting it.

Attempts to expand the industry in Spain have run into the brick wall of socialist government disapproval and public distrust following a serious fire at the Vandellos reactor in 1989. Environmental opponents are still active, notably in Germany, where some nuclear stations have been shut down following successful challenges to their operating licences in the courts. In all the struggles between the industry and its opponents, three issues tend to dominate:

● Political support. Some governments in western Europe are trying to rebuild public confidence in nuclear power. One example was a strongly worded statement backing nuclear's revival issued last month by Belgium, Britain, France and Germany.

UK ministers regularly stress their backing for a continued nuclear programme, even though they are committed to a neutral review of the industry in 1994, the scheduled completion date for the Sizewell nuclear station. The next general election is perhaps the most important factor, since the Labour party opposes more stations after Sizewell.

Environmentalists believe the industry and its government supporters are fooling themselves when they detect the beginnings of a public groundswell behind nuclear power again.

"They are under-estimating, one, the public sentiment against nuclear power and, two, the degree to which the organisation of the environmental movement has improved incredibly in the last few years," says Mr John Willis, nuclear power co-ordinator at Amsterdam-based Greenpeace International.

● Environment. In a neat reversal of roles, the nuclear industry is on the side of the angels on one environmental issue. Unlike coal, oil and gas, nuclear power does not create carbon dioxide, the main greenhouse gas. "The growing concern about environmental problems and the recommendations at national and international levels for limiting air-polluting emissions, bring rather strong prospects for a substantial increase in the production of electricity through nuclear power," says the EC's Mr Charrault.

[illegible] green groups are [illegible] kill [illegible] argument stone dead. They argue that the choice between carbon-emitting coal and nuclear power is a false one. There are other options, notably energy conservation. "Nuclear is a silly option for dealing with the greenhouse effect," says Mr Willis. "Any sensible business person would go for the least cost option."

● Costs. Two events have focused concern on the cost question. The first was Chernobyl itself, since it led governments and utilities to ponder the huge potential liabilities if a nuclear disaster occurred in a democratic country.

The second was the UK government's botched attempt to privatise its nuclear [illegible]. The cold eye turned by the financial community on nuclear's [illegible] revealed [illegible] misleading its repeated claims to be supplying cheap power. Even Nuclear Electric, the state-owned nuclear operator in England and Wales, now admits that power from Sizewell will cost 5.2p a unit (kilowatt/hour), compared with 2.9p from a new [illegible] station.

The [illegible] industry [illegible] smaller, [illegible] signed reactors [illegible] cut costs and help to reassure the public on safety. The main [illegible] turers – Westinghouse of the US, a joint venture between Framatome of France and Siemens of Germany, Mitsubishi of Japan and Asea Brown Boveri, [illegible] Swedish-Swiss engineering group – are all working on innovative designs.

But there is a problem: how to finance the multi-billion dollar cost of bringing these designs to full commercial development. The obvious answer – persuading the electricity utilities to place orders – seems blocked. Nuclear generating capacity in western Europe tripled over the 1980s, largely thanks to orders placed in the 1970s. This bonanza is unlikely to repeat itself.

Even nuclear enthusiasts acknowledge that prospects are dim in the US. France, arguably the world's most successful nuclear nation, has reached saturation point. Belgium is similarly placed. Some experts also say that no new orders are expected in west Germany for 10 years.

This leaves Japan, where public opposition is growing; some newly [illegible] countries such as South Korea; eastern Europe; and a few orders here and there in western European countries like the UK, Finland and the Netherlands, if political constraints can be overcome. Nukem, the nuclear consultancy subsidiary of Germany's RWE, forecasts that 12 new nuclear reactors may be ordered and operating in western Europe (including east Germany) by 2005. Even this, however, does not add up to a healthy diet for an industry with such a capacious financial appetite.

Electricity utilities in much of the world face similar financial pressures to those in the US, w[illegible] power companies are plumping for smaller, cheaper gas plants which do not bear the potential liabilities of a nuclear disaster.

The nuclear lobby points [illegible] that some 100 European reactors will reach the end of their operating lives over the next 30 years. But to enjoy its share of the feast, this troubled industry will have to survive the next decade, [illegible] there is little reason to expect many of the new orders will be nuclear.

This feature article was written by David Thomas, FT natural [illegible] editor, before he left [illegible], where he died on [illegible].

Joe Rogaly

Down Ridley road

The first time I met Mr Nicholas Ridley was at a do organised by a company's public relations department – one of those functions that holds you up between leaving work and getting home. This was before the 1987 election, when he had just begun to settle in as environment secretary. His view of local government sounded appalling.

As I remember it, we were to have fewer elected councils. Their powers would be circumscribed; their payrolls small. These truncated councils would be governed by feeble committees the size of an average company board. They would meet for an afternoon once a year to decide what had to be done, but they would not themselves provide services.

The work would be contracted out – refuse collection to one [illegible], street cleaning to [illegible], housing to a housing [illegible] and so on. As we ate and listened, our imaginations soared. The great kingdom [illegible] councils, with [illegible] of committees of the retired, the civic-minded and the disgruntled would be eliminated, wiped from the map of Britain. Their direct labour workforces, their truculent dustmen, their unmanageable teachers and their rows of inefficient clerks would vanish from town hall payrolls. The public sector unions, so dependent upon the patronage of that kingdom, would be humbled. So long Nupe. Toodle-oo Nalgo. Bye-bye National Union of Teachers.

Four years have passed and so has Mr Ridley, but the vision persists. If you have given up on local democracy it sounds less appalling than it did on first airing, particularly as espoused by Mr Michael Heseltine in the House of Commons on Tuesday. The government was committed, said the environment secretary, "to developing the concept of enabling authorities. Councils will increasingly be able to take advantage of competition between those seeking to provide a service". The intention was to "increase the momentum" of existing policies, "to enable decision-making and responsibility to be more directly in the hands of the people".

You do not need an O-level in civil service-speak to understand what that means. The open competitive tendering now obligatory under Mr Ridley's local government act of 1988 will be extended: it is shown in one departmental sample study to have saved 17 per cent of refuse collectors and a quarter of the previous number of street cleaners, even where the work has remained in-house. But that is not all.

The government will encourage the mass opting-out of secondary schools from local authority control after the next election – assuming that it wins. Who will oversee them? There are 4,900 secondary schools, more than could easily be handled by a national schools funding council. Yet I suspect that before long we will have one, from the government that gave us the university and polytechnic funding councils and recently announced a new quango to look after further education and sixth-form colleges.

We imagined the great kingdom of the councils would be wiped out

As to the 24,000 primary schools, some direct local governance will always be required – although by 1994 they will control their own budgets. The education departments [illegible] the local [illegible] could then [illegible] reduced to small agencies, with mangement devolved to school governors and heads. If the central government dictated the funding, as it surely will, Mr Ridley would be half way there.

The arithmetic tells the story. Education accounts for just 48 per cent of local authority spending, and 37 per cent of local employees. It is managed by county councils, the upper-level authorities that both the Conservatives and Labour seek to abolish. What is left? Police and courts account for 16 per cent of expenditure; these are by custom usually treated as outside the direct oversight of most councils. Transport (9 per cent) is being steadily privatised, with more [illegible] come, [illegible] housing has either been sold off or prepared for governance by tenants or voluntary associations. That leaves something unfathomable called local environmental services (11.7 per cent) and social services (10.5 per cent), plus peanuts on libraries and the like.

Mr Heseltine's vision is an improvement on Mr Ridley's. He talks up the enabling councils of the future as important local mobilising forces, able to make broad strategic decisions as he did on his famous visit to Liverpool. They would bring together business, voluntary organisations, local institutions like polytechnics and their own in-house expertise. They still sound like Mr Ridley's stripped-down headquarters boards to me, but they would meet more often and be taken more [illegible] in the Heseltine [illegible]ersion. His next discussion paper, probably out next month, will [illegible] the case for elected mayors or, alternatively, small directly-elected management boards, or, again, sub-commi[illegible] of the main elected council. The essence is strong management, but delivery through contracts with others. The theology is less controversial than it was. The contract culture is a theme of the current issue of Marxism Today. The latest social policy paper from the Labour-inclined Institute of Public Policy Research (30-32 Southampton St, WC2E 7RA) has Bill Callaghan of the TUC asking: "Do all public services *have* to be provided by direct labour or is there a role for the private and not-for-profit sectors?"

The Labour party has not fully woken up to this: its latest policy paper promises fatter local government, fed by a broader tax base. Yet the slim enabling council vision has its attractions. The flaw in the government's version is that local finance is to be restricted to one highly-geared source, the new council tax, and capped. That is wholly in the Ridley spirit. While it prevails, Mr Heseltine's protestations of a belief in local autonomy are, in the prime minister's favourite epithet, bogus.

LETTERS

The subtleties of networking

From Mr R. Garrett.

Sir, Andrew Campbell's letter (April 9) seems to polarise a position on networking in organisations where more subtle thinking is needed.

There are no clear definitions of "official" and "unofficial" networks in any organisation in which I have worked. Neither was seen as right or wrong but both were seen as necessary and sufficient.

There is a need for the discipline and measurement of processes like total quality management to be integrated with the "soft" skills of judgment, sensing, ingenuity and the creation of organisational vision and purpose. These are explained in the new book Conceptual Tools by Jerry Rhodes.

The present interest in learning organisations is because they seem to offer a way of integrating the rational and emotional aspects of working life by tapping the learning of all groups in the organisation and thereby continuously transforming it.

The desire to break out [illegible] exclusive analytical/logic cycles of learning and tap into the emotional drive and enthusiasm found in the soft learning cycles of unofficial net[illegible] explains, I think, the current trend to "culture change" programmes in such businesses as BP, BA, Rover, and ICI.

All of this is a great challenge for many directors who still seem stuck in Bourbon mode – learning nothing and forgetting nothing.

Bob Garrett,
3, Beresford Terrace, N5

ECGD and political risk re-insurance

From Mr Peter Crabb.

Sir, Your report (April 19) of the speech Mr Malcolm Stephens, chief executive of the Export Credits Guarantee Department, gave last week to the Confederation of British Industry pointed out, rightly, the concerns UK exporters have over the government's preparedness to provide political risk re-insurance for the soon-to-be-privatised insurance services wing of the ECGD. You also drew attention to Mr Stephens' argument that the government was justified in blocking a parliamentary amendment to ensure that such re-insurance be available for three years after the privatisation because, if the amendment was passed, new legislation would [illegible] required [illegible] extend the three year period.

This, [illegible] the Labour party supporters of the amendment know, is nonsense; the amendment would, in fact, have compelled the government to provide this essential re-insurance for a minimum of, and not up to, three years after the privatisation. Exporters now have every reason to fear that a Conservative government will scrap this support when its commercial risk re-insurance facility does expire after three years, and therefore that the level and cost of short-term credit insurance available for exports to the less-developed countries after that time will depend entirely on what the privatised company is prepared to offer.

The decision to oppose a move intended to commit the government to providing support to Britain's hard-pressed exporters certainly casts doubts on ECGD's motives in participating in a conference, next month, which has been endorsed by the Institute of Export and the British Exporters Association, to allow exporters to discuss whether "the planned changes at ECGD are the best long-term solution for all concerned" at a time when the Export Investment [illegible] Bill, which will pave the way for the privatisation, may have already been passed by parliament, thus letting [illegible] government off the hook.

Peter Crabb,
TUS [illegible],
ECGD Whitley Council,
Export House,
[illegible] Ludgate Hill, EC4

Fax service

LETTERS may be faxed on [illegible]. They should be clearly typed and not handwritten. Please [illegible] the [illegible] machine for fine resolution.

Consultative answer for industry

From Mr Denis [illegible]

Sir, In the 1970s we were told that government interference would solve Britain's economic problems. It didn't. In the 1980s, we were told that getting government out of industry would solve our economic problems. It hasn't.

A new approach is needed in the 1990s. We might learn from Europe and welcome the proposed ideas of consultation with employees laid down in the modest EC-proposed directive of Euro-Works Councils.

Instead, your leader (April 23) continues to sing the song of the 1980s. Left to themselves British companies, taken as a whole, [illegible] train, won't [illegible] in manufacturing, and won't consult in a [illegible] fashion with their [illegible] resource – the skills of their [illegible].

In the long (very long) run your hope that market forces will make British companies consult their workers might come true. But by the end of that long run as [illegible] might have said the productive British economy will be dead.

Denis MacShane,
International Metalworkers' Federation,
54 [illegible] des Acacias,
CH-1227 Geneva

Flexibility the key to pensions

From Mr Brian MacMahon.

[illegible], Mr Roger Lyons (Letters, April 22) is reading my predecessor's letter too narrowly. The [illegible] Association [illegible] Pension Funds (NAPF) is keen that equality in occupational pensions [illegible] achieved [illegible] as [illegible], but it is the compulsory aspect, applied retrospectively, [illegible] both impractical and expensive. Certainly some schemes have surpluses, but the [illegible] do not. For many employers the [illegible] would be prohibitive.

[illegible] NAPF [illegible] advocating any particular age for equal pensions. That must be for employers to decide in consultation with their employees. We do, however, call on the government to facilitate equality by providing some flexibility in [illegible] pension [illegible].

Occupational pension [illegible] have a very good history of improving benefits to meet changing social needs. Given that it is accepted that equal benefits have to be provided for periods of service after May 17 1990, I have little doubt that improvements to past service entitlements will be made on a voluntary and planned basis within an acceptable timescale.

Brian MacMahon,
chairman,
National Association of Pension Funds,
12-18 Grosvenor Gardens, SW1

Questioning the value of aid workers' salaries

From Mr. Donald B Butcher.

Sir, Observer neatly linked (April 22) the World Development Movement's delight at the prime minister's "hope" – expressed in 1988 – that Britain would, in five years' time, achieve the aid target of 0.7 per cent of economic output) with the news that the WDM chief would soon become "World Bank fat cat".

The point is surely worth a little adornment? Since the World Bank annual salaries will soon pass the $1bn mark and since the reported 100,000 expatriate experts in just Africa are said to be costing some $5bn a year, Britain will have to hurry to double its aid budget just to keep a few of the aid workers' salaries moving ahead in the time-honoured way. We can then spare a thought as to whether their activities add a single dollar of value to the economies in which they labour.

Many claim the value added is negative and the experts say Africa is poorer today after 40 years of pursuing aid policies which change but little in the face of staggering failure.

World Bank policies are now being challenged yet again on the entirely new grounds that they actually prevent the development of the private sector, the key to any progress.

Why do we go on and on persisting with these failed polices? Simple. Aid is basically an international business and there are a lot of well-developed fat cats (WDFCs?) who understandably do not want the milk taken away from *them*. The developing countries would be well advised to look elsewhere for their salvation.

Donald B Butcher,
12 Burgh Heath,
Epsom,
Surrey KT17 4LJ

FINANCIAL TIMES
Friday April 26 1991

A photograph taken by Alan Harper, Financial Times staff photographer, of London's skyline including the development at Canary Wharf in the Docklands area of the city. The picture was taken from the British Telecom tower some four miles away and was considered a technical achievement of high quality. Alan Harper died on Wednesday in an accident while on assignment in Kuwait. Obituary, Page 11

COMMISSION RAIDS OFFICES

Brussels warns of cartel crackdown

By David Buchan and David Gardner in Brussels and John Thornhill in London

THE European Commission warned yesterday of a crackdown on cartels following this week's raids on the offices of 15 carton-board-making companies.

"We're getting tougher all the time", said a senior EC official, adding that it was a priority of Sir Leon Brittan, the competition commissioner, that "we should be on the look-out for cartel [illegible]".

Officials from the Brussels competition directorate, accompanied by national officials, made unannounced visits on Tuesday and Wednesday to 15 companies, several of them subsidiaries of non-EC companies such as Stora of Sweden, Cascade of Canada and Mayr-Melnhof of Austria, and took away documents.

The investigation follows an allegation by the British Printing Industries Federation (BPIF) that producers of carton-board were concerting price rises, contrary to the Treaty of Rome.

"We are sifting through the evidence, but there's nothing at the moment that would lead us to widen our investigation beyond carton-board," said the EC official.

The BPIF wrote to the Commission on November 22 listing 23 occasions on which it said its [illegible] faced with [illegible] price rises of about £40 [illegible] per tonne. The supplying companies were in the UK, France, Switzerland and the Netherlands.

The [illegible] dates of the notification of the price rises – from mid-September to mid-October – and the [illegible] dates of the implementation of those rises – in the first week of January – raised the federation's suspicions.

"Although we would accept that certain factors relevant to [illegible] producers are common…we do not believe that the overall impact of all the various factors is so uniform that the prices should rise by virtually identical amounts at virtually the same time," it said.

Backing for the UK complaint came from the Federation Française de Cartonnage, which said yesterday it had received inquiries from the Commission officials last December. "We told them that for the past [illegible] years, producers have been announcing identical price [illegible] at the same time."

By contrast, Mr [illegible] Wulf, director of the Frankfurt-based international paper and carton association, CITPA, said he was "astonished" by the [illegible] I thought the market was OK".

In January, the Commission raided several EC steel companies suspected of market fixing practices, and last year ICI of the UK and Belgium were fined a record Ecu47m ($55m) for carving up the soda ash market. Other recent cartel investigations include petrochemicals, plastics, [illegible] and pulp.

David Goodhart adds from Bonn: The European Court of Justice has ruled that the German Federal Labour Office's state monopoly in the job placement market is invalid in the senior management sector. The case was brought by a Munich headhunting agency Höfner and Elser who were not paid by a [illegible] on the grounds that their work was against German law.

Warning over UK public spending reserve

By Philip Stephens, Political Editor, in London

MORE THAN half of the UK Treasury's [illegible] public spending contingency reserve has been wiped out within just three weeks of the start of the current financial year because of rising unemployment and high public sector pay deals.

The trend has prompted warnings in Whitehall that the depth of the recession threatens a significant overshoot in the £8bn government deficit forecast by Mr Norman Lamont, chancellor of the exchequer, in his March budget.

The economy continued to dominate Westminster yesterday with Mr Neil Kinnock, opposition Labour party leader, citing a report by an all-party committee of MPs which accused the government of reacting too slowly to the recession.

Mr John Major, prime minister, insisted that falling inflation and interest rates signalled an early recovery, but it is acknowledged privately that the government may be dogged in the immediate future by rising jobless totals.

Senior ministers are voicing concern that key public spending programmes, notably health and education, face a financial squeeze just as the government is pledging an improvement in services in the run-up to the general election.

The Treasury has signalled the start of negotiations covering next year's spending with a lengthy warning to every Whitehall department that it will be seeking considerable savings elsewhere to offset the cost of higher unemployment.

The £205bn spending target for the current financial year which started on April 1 includes a £3bn reserve for unforeseen expenditure.

But unemployment is already more than [illegible] higher than the 1.75m assumed when the target was set. Even if there were no further increase, the cost to the reserve in higher unemployment and other benefits is about £1bn.

Another [illegible] of the reserve has [illegible] the cost of higher-than-expected deals in the health service and the armed forces.

Pay deals in other areas of the public sector have also been averaging 8 per cent, well above original assumptions.

The Treasury has acknowledged that [illegible] to uprate child benefit will [illegible] from the reserve, while the Department of Employment has been allocated an extra £120m for training.

Ironically, the budget decision to raise VAT to 17.5 per cent will cost Whitehall departments some [illegible]. Mr William Waldegrave, health secretary, has secured agreement from the Treasury that the extra burden on the NHS will be met from the reserve.

Overall, the [illegible] mean that half of the reserve has already been spent and about two-thirds of the £3bn which was notionally available three weeks ago has been pre-empted. A further rise in unemployment could well account for the rest, since even the more optimistic forecasts point to a further [illegible] increase this year.

The outlook for next year – for which spending departments will submit their bids by the mid-May – is similarly bleak. In theory the Treasury has a £7bn reserve for 1992-93, but the increases this year will pre-empt half of that.

Inflation will be sharply lower by next year, but that assumption is already built into Whitehall budgets for [illegible].

The allocations for the NHS and education, in particular, allow for only minimal real growth next year, suggesting that the two departments will press next month for several billion pounds more from the Treasury.

Warning of recession, Page 11

Europe close to pact on high definition TV

By David Gardner in Brussels

EFFORTS to achieve a common European approach to introducing high-definition television (HDTV) are close to completion, European Commission officials said yesterday.

"Agreement on the principles" of what high-quality television strategy to adopt has been reached by broadcasters, satellite operators and the electronics industry, though details have still to be finalised," they said.

The intention is still to introduce the D2-Mac satellite standard, on [illegible] sets.

But Brussels is still considering whether, or how, to compensate broadcasters and equipment manufacturers already using other standards.

"It is not clear how this would be organised," officials said.

Current EC rules require all direct broadcasting satellites to use this system, as a stepping stone towards an improved HDTV standard in 1995.

But around 2m viewers – including subscribers to British Sky Broadcasting – already receive pictures from the Astra satellite on the competing PAL standard.

Astra is exempt from the rules because it is telecommunications rather than a television satellite.

The Commission is working towards having a memorandum of understanding signed before introducing a new directive, and is seeking a compromise among the interests affected.

The new directive is scheduled to be presented to telecommunications ministers on June 3.

Brussels is not ruling out compensation for broadcasters on other standards.

But officials would not comment on the Commission's response to BSkyB's compromise proposal to broadcast simultaneously in both D2-Mac and PAL, provided the EC picked up the additional [illegible]

Recession worries put £ under pressure

By Rachel Johnson in London

STERLING came under selling pressure early yesterday as investors took profits in case the currency should succumb to the strong dollar and domestic worries.

A big sell order from the Far East and growing concern that the UK recession is lengthening conspired to push the pound briefly from third to ninth place in the European exchange rate mechanism grid.

Until yesterday, the pound had been resilient in the face of the dollar's surge on the foreign exchanges.

The pronounced weakness of the D-Mark enabled sterling to hold its position in the ERM.

In the latest session, however, the pound was driven to a low of DM2.9488 – against its previous close of DM2.9725 – before finishing 1.25 pfennigs off on the day at DM2.96. At this level, sterling was back in its place as third strongest currency in the ERM.

It closed almost unchanged against the dollar at $1.6940. Rumours that the Bank of England had stepped in to support the pound were treated with scepticism by traders.

Mr Paul Chertkow, currency strategist at Citibank, the US bank, said the pound had mainly suffered as a result of technical profit-taking yesterday.

But the growing evidence that the UK economic recovery would not come as soon or be as strong as had been forecast was also undermining the pound.

This week's claim by the director general of the Confederation of British Industry, the employers' organisation, that some parts of UK manufacturing were in "slump" came after the government had announced record rises in unemployment and large falls in industrial output.

The news prompted renewed calls for lower interest rates to stimulate the economy – which are weakening the pound on the foreign exchanges.

However, the government has said there must be a "pause" in its efforts to lower borrowing costs, to allow sterling to settle down after the bank base rate had been progressively cut to 12 per cent from 14 per cent in mid-February.

A political risk has also attached to sterling ahead of local government elections in England and Wales next Thursday.

Should the Conservative party do badly, foreign exchange traders expect sterling to fall below its DM2.95 central ERM rate.

Currencies, Page 44

THE LEX COLUMN

Not much cheer from ICI

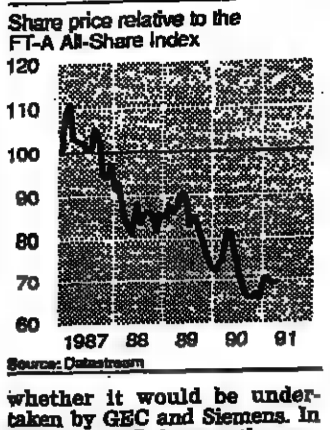
If the UK chancellor is looking further for anecdotal evidence on the economy, he could do worse than turn to the first-quarter results from Imperial Chemical Industries. The 52 per cent fall in pre-tax profit represents a levelling out of sorts after the 72 per cent drop in last year's final quarter. But the 11 per cent drop in volume is genuinely startling, even if it compares with the last good period before the 1990 downturn. The company can point to theoretical reasons for optimism, such as the fall in UK and US interest rates, the stability of oil prices and sterling's decline against the dollar. But at the operating level, there is no sign of a revival in orders at all.

More specifically, there is a worrying drop in profits from the pharmaceuticals division, ICI's traditional prop in the downswing of the cycle. Even after adjustment for disposals,profits seem to be down by perhaps a quarter. For the group, the impression is that recovery will be postponed until the third quarter at the earliest and will be modest when it arrives. It sounds like a prescription for the UK corporate sector as a whole, including the likely prospect of limited further recovery in 1992.

But this need not be unduly bad news for ICI's share price, whatever it means for the market. Assuming recovery is at least discernible by the start of next year, ICI's present yield of [illegible] per cent should be [illegible] enough. The shares have almost entirely missed the revival in cyclical [illegible] as housebuilders. Their turn has to come eventually.

ICI

Share price relative to the FT-A All-Share Index



Source: Datastream

Takeovers

From the rubble of the 1980s, a familiar question is emerging: whether takeovers in the UK are by their nature a bad thing. A House of Commons committee has been hearing from such as the chairman of Pilkington and Sir John Clark, the erstwhile head of Plessey, on the iniquities of the present system. The Guinness appeal has revived memories of the most notorious takeover of the decade. Some of the arguments deserve careful consideration. The snag has to do with the examples.

Sir John Clark blames the loss of his company on short-termism. But the real issue in the Plessey bid was whether long-term research and development could be achieved by a company of Plessey's size, not whether it would be undertaken by GEC and Siemens. In the case of Guinness, the central problem of the old Distillers Company before the takeover was that it was bogged down in short-term expedients such as price-cutting and over-production. It is now perhaps the most successful drinks company in the world, not least by virtue of its long-term strategy. As for Pilkington, its shares have underperformed the London market by 40 per cent in the past 20 years. How long a term does its chairman have in mind?

There may well be scope for reform at the detailed level; it seems generally agreed, for instance, that the 29.9 per cent bid threshold is set too high. But the whole argument belongs within a larger one of corporate governance, which as yet is scarcely being addressed except by those investing institutions which industry regards as being at the root of the problem. More fundamentally again, British boardrooms are split between those who want protection from predators and those who want freedom to prey. The same Commons committee session which heard from Pilkington was told by Kingfisher, whose bid for Dixons was blocked on competition grounds last year, that policy should be clarified to make takeovers simpler. If the captains of industry do not know what they want, the rest of us cannot help them.

UK banks

The absence of rights issues in the bank sector has helped the market to value the clearers as a simple bet on interest rates and economic recovery, similar to the [illegible] and property sectors.

The prospect of flat earnings this year has largely been ignored on the assumption that 1992 should see a gratifying bounce.

As fresh evidence has suggested that the recession may be deeper and longer than was thought only weeks ago, the banks have begun to suffer. The UK bad debt provisions which dragged down profits last year could turn out to be annoyingly persistent. The sector has underperformed the market by some 4 per cent since its peak in March. Since the start of the year Midland and NatWest, seen as the most heavily geared to recovery, have slipped back to only modest outperformance. Lloyds has done worse again, while Barclays, financially the strongest of the clearers, has outperformed the market by 10 per cent in the year. Abbey National, alone in having no corporate exposure, has returned to the top of brokers' buy lists.

All of which highlights the importance of the interim reporting season in June. If the banks make further large UK provisions, the implication is that far from being flat, 1991 could actually turn out worse than last year. Putting a price on 1992 will be harder than ever.

Southend/Frogmore

Yesterday's offer document from Southend Property for Frogmore merely underlines the cheekiness of the £130m bid. In Southend's favour, its shares have performed twice as well as Frogmore's over the last five years. But the price of bull market aggression is an uncomfortably stretched balance sheet. The cost of servicing the £100m debenture, for example, may be a fixed 8.9 per cent net; but gross that up and allow for the discount on the issue's flotation, and 10.5 per cent may not look like cheap borrowing in a year or two's time. The combined gearing of 49 per cent – against more than 120 per cent at the moment – offers a convenient way out at Frogmore's expense.

Frogmore shareholders might just be prepared to trust Southend's judgment if offered attractive terms. But there is no premium for winning control. While the [illegible] estimate of the target company's net asset value looks reasonable, Southend's bid is calculated on a mere 8 per cent drop in the value of its own property portfolio. It will have to be more generous and throw in at least an element of cash if it is to have any chance of success.

WORLDWIDE WEATHER

Temperatures at midday yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain [illegible] S-Sun Sn-Snow T-Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

ICI profits plunge to £198m in quarter

[illegible] UK chemicals group, yesterday reported first-quarter pre-tax profits down 52 [illegible] cent to [illegible]. Turnover fell [illegible] per cent to £3.05bn. Sir Denys Henderson, chairman, commented: "Our results [illegible] the [illegible] conditions in many markets. The first half [illegible] likely to remain difficult but [illegible] modest improvement in demand [illegible] possible later in the year." [illegible] 23

Natural gas in the limelight

Natural [illegible] rapidly joining the limelight [illegible] one [illegible] the primary fuels [illegible] European leading economies. [illegible] the popularity of oil, coal and nuclear power are [illegible] by concern over price and the environment, natural gas's long-term future [illegible] bright. Europe's [illegible] monopolies, however, may find life more competitive [illegible] the European Commission begins [illegible] look at ways [illegible] liberalise [illegible] industry. Back Page

Norsk Hydro [illegible] by dollar

Norsk Hydro, Norway's biggest company, reported lower first-quarter pre-tax profits of NKr1.06bn ($156m) against NKr1.62bn a year [illegible]. The company blamed the fall [illegible] strength of the [illegible] the [illegible] of [illegible] reporting period. [illegible] profits fell [illegible] NKr611m from NKr813m in the [illegible] quarter [illegible] year. [illegible]

Pilkington sells unit

Pilkington, the [illegible] glassmaker, [illegible] selling [illegible] wholly-owned subsidiary, Pilkington Reinforcement, [illegible] Nippon Sheet [illegible] for [illegible] ($12.5m). The move is part [illegible] group's [illegible] egy [illegible] divesting itself of [illegible] and eliminating [illegible]aking operations to [illegible] more closely on its major flat [illegible] safety glass [illegible] Page 30

Rough ride for airline sell-offs

The [illegible] government says [illegible] go ahead with plans to privatise 100 per cent of Australian Airlines, the government-owned domestic carrier, and 49 per cent of Qantas, the international [illegible] carrier. [illegible] sell-off may face [illegible] rough ride: the industry [illegible] recovering from the [illegible] of [illegible]-long pilots' strike [illegible] Gulf war [illegible] expects, at best, to break [illegible] operating [illegible] year. Page 34

Etam profits retreat plunge 51%

Etam, the UK clothing retailer, [illegible] a 51.4 [illegible] cent fall [illegible] profit for 1990/91. Pre-tax profits fell [illegible] ($14.3m) from £17.5m [illegible] a [illegible] half [illegible] £1.1m. Page 29

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				[illegible]			
Rises				La Henin	562	+	13
Aachen Mch	845	+	15	**Falls**			
Herlitz	385	+	13	BIC	[illegible]	−	[illegible]
Karstadt	636	+	13	[illegible]	656	−	10
Lahmeyer	973	+	13	Lyon Eaux	[illegible]	−	[illegible]
Sud Chemie	634	+	[illegible]	[illegible]	[illegible]	−	[illegible]
Falls				[illegible]	[illegible]	−	72
Springer Axel	700	−	20	**TOKYO (Yen)**			
NEW YORK ($)				**Rises**			
Rises				Akai Electric	840	+	59
Data General	17⅞	+	1⅜	[illegible]	806	+	55
Dell	72⅜	+	1⅜	Fuji Tekko	[illegible]	+	[illegible]
[illegible]	20¾	+	2½	[illegible]	1040	+	101
IBM	108¾	+	[illegible]	[illegible]	[illegible]	+	150
Falls				**Falls**			
Compaq	53½	−	6⅛	Takuma	[illegible]	−	170
Exxon	59½	−	1⅜				
PARIS (FFr)							

New York prices at 12.30.

LONDON (Pence)							
Rises				IMI	[illegible]	−	[illegible]
Airtours	443	+	44	Lex Service	189	−	6
Carlton Comm	[illegible]	+	11	Lovell (Y.J.)	[illegible]	−	[illegible]
Geest	347	+	28	Lucas Inds	156	−	[illegible]
Gleeson (M.J.)	805	+	17	Pressac	89	−	[illegible]
Liberty	[illegible]	+	10	Rank Org	[illegible]	−	8
Magnetic Mtrls	51	+	[illegible]	[illegible]	803	−	28
Shell Trans	[illegible]	+	6	TACE	[illegible]	−	12
Falls				Wr Package	[illegible]	−	60
Cannon St	105	−	7				
GKN	364	−	9				

Mitsubishi Motors in Volvo deal

By Kevin Done in London [illegible] Ronald van der Krol in [illegible]

MITSUBISHI Motors and Volvo of Sweden are expected to announce shortly a preliminary agreement which could lead to the Japanese carmaker taking a substantial minority stake in Volvo Car BV, the Dutch producer.

Volvo Car BV, which produces Volvo's medium-sized 400 series, is 30 per cent-owned by Volvo of Sweden and 70 per cent by Dutch state interests.

Politicians in The Hague said that Mitsubishi, Volvo and the Dutch economic affairs ministry were hoping to sign a letter of intent at the end of next week setting out the basis for further negotiations.

Final agreement on the transaction is expected later in the year. The option being explored most intensively is a construction whereby each of the three partners would receive a one-third stake in the enlarged share capital of Volvo Car BV.

As part of the deal, the partners would commit themselves to investing more than Fl2.5bn ($1.3bn) in the development and production of a new medium-sized car.

Government officials, who stressed that the negotiations were highly complex and still far from over, declined to say how much the Dutch state would receive for its Volvo shares.

Among the most contentious issues is [illegible] type and quality of the jobs [illegible] Volvo Car BV, the Netherlands' only car producer. Dutch unions have consistently argued [illegible] the [illegible] must [illegible] more than [illegible] simple assembly unit and must continue to be involved in research and development.

Government officials said that although the three parties were making progress in their talks, the outstanding issues were too complicated to allow final agreement to be reached quickly.

Mr Hiroshi Ninomiya, chairman of Mitsubishi Motors Europe, said that several issues in the negotiations were still unresolved. "We need some more time for detailed discussions. It is too early to make an official contract."

Mitsubishi Motors has been in negotiation with Volvo and the Dutch government for more than [illegible] year.

Its entry into car production in [illegible] would further strengthen the rapidly growing Japanese car-making presence in Europe.

The three leading Japanese car makers, Toyota, Nissan and Honda are already developing car plants in Europe, all three in the UK.

Mitsubishi Motors and Mazda have been planning to follow in their wake, but are seeking partners for a joint venture. Mazda is seeking a collaborative venture in Europe with Ford of the US which holds a 25 per cent equity stake in Mazda.

Earlier this week Suzuki, a smaller Japanese carmaker, announced that it would begin car assembly in Hungary at the end of 1992, the first move by a Japanese car producer into eastern Europe.

Air France and Sabena discuss business accord

By William Dawkins in [illegible] and David Gardner in Brussels

AIR FRANCE, Europe's largest airline in terms of sales, yesterday confirmed that it was in talks about a possible co-operation deal with Sabena, the Belgian carrier, while announcing heavy losses for 1990.

"Yes, there are currently talks, nothing more and nothing less," said Mr Bernard Attali, the Air France chairman.

The French company became the latest carrier to announce a heavy loss for 1990. It warned that the deficit was continuing to increase in the current year.

Air France revealed a net FFr717.2m ([illegible]) loss for last year, its first trading period since the merger with its two main domestic competitors – UTA, which flies to Asia and Africa, and Air Inter, the internal French carrier.

Sabena and British Airways earlier this year revived an attempt to create a new European airline. Last year, the Sabena World Airlines joint venture with BA and KLM was wound up, mainly because of the Belgian airline's deepening financial problems.

Mr Pierre Godfroid, Sabena's chairman, in February described the talks as being based on "a very concrete proposal". He said the plan would already have gone ahead but for the Gulf war and its effect on the airline business.

But BA [illegible] at the time that there was little prospect of agreement being reached soon.

Since then, the Belgian government – which owns 52 per cent of Sabena – has approved a more than $1bn reflotation plan for the airline, to be financed or underwritten by the state. This has lengthened the list of potential suitors, which include SAS and Lufthansa, as well as Air France.

Air France estimated that the collapse in air travel since the Gulf crisis had cost the group FFr3.3bn by the end of March.

The cost to Air France alone – not including its two new subsidiaries – was FFr1bn in the [illegible] quarter of this year, it said.

"If the war is over, the crisis is not," warned the group. Passenger traffic on Air France was down 14.5 per cent in the first three weeks of April by comparison with the same period last year, and fell 17 per cent on UTA. The sharp rise in in fuel prices also contributed to the loss.

Group turnover rose by 43.4 per cent to FFr56.8bn last year, although the underlying rise was only 1.7 per cent after stripping out new acquisitions. Air France's turnover fell by 1.2 per cent to FFr34.4bn last year. Sales at UTA rose by 2.4 per cent to FFr8.3bn and Air Inter's turnover increased by 9.9 per cent to FFr9.5bn.

GPT and Siemens in joint PABX venture

By Hugo Dixon in London

SIEMENS, the German electronics [illegible] and GPT, the largest UK telecommunications manufacturer, have agreed to merge their British distribution companies for computerised switchboards.

The joint venture will have a turnover of £170m ($287.8m) and employ 2,000 people. It is intended to be a stronger force in the UK market with the ability to cater to the needs of multinational customers.

Siemens, which already owns 40 per cent of GPT, stressed that the merger did not imply it was taking greater control of the company.

There has been speculation since Siemens and the UK's General Electric Company jointly acquired Plessey in 1989 that the German group would gradually come to dominate GPT, a former GEC/Plessey joint venture.

However, Siemens said: "This is not the next step in Siemens [illegible] a [illegible] in [illegible]. Whatever happens in that direction is in the hands of Lord Weinstock (GEC's managing director)."

The [illegible] companies being merged are GPT [illegible] and Service, which [illegible] of [illegible] and [illegible] people, and [illegible] Communications Systems, formerly [illegible] as [illegible]ton, which has a turnover of £40m and employs 450 people.

The merger is conditional on the approval of the Office of Fair Trading.

Following the merger, Siemens and GEC will each indirectly own 50 per cent of the joint venture, to be known as GPT Communications Systems.

GPT Communications Systems will have between 25 per cent and 30 per cent of the market for distributing private automatic branch exchanges (PABXs). Siemens

Borrowers bank on a good relationship

David Owen reports on how the UK credit squeeze is forcing companies back to their traditional lenders

AFTER almost a decade of being spoilt for choice by a procession of business-hungry bankers, blue chip companies are having to pay more for their credit facilities.

"The cost of borrowing is certainly rising," says Mr Christopher Bull, finance director of BTR, the industrial conglomerate. "The days when banks would clamour to lend at very fine margins are over."

The trend reflects the return of a seller's market as banks concentrate on securing adequate returns on their capital.

Their changed priorities stem partly from the need to satisfy capital adequacy requirements and comply with the Bank for International Settlements' capital ratios.

"The Basle ratios are driving the pricing policy of the banking system," says Lord Alexander, chairman of National Westminster Bank.

Companies have observed less of an increase in the prices of day-to-day cash management tools. These, they note, do not entail the commitment of valuable bank capital.

Mr Ian Duncan, finance director of Tomkins, the conglomerate, says: "The market is as competitive as ever for forward rate agreements (FRAs), swaps and large foreign exchange transactions."

But they say that banks are noticeably reluctant to agree to loan requests under uncommitted credit facilities.

"We have experienced a number of cases of banks not being willing to lend on uncommitted lines, particularly when the loan period would take in the end of [illegible] quarter, [illegible] their balance-sheets are being assessed," says BTR's Mr Bull.

The credit squeeze has given a boost to relationship banking, which had been exposed to intense pressure while price competition was keen.

"The reason people are emphasising relationships now is that they have to," says Mr Andrew Robb, finance director of Pilkington, the glassmaker. "The banks just doing transactions – the Japanese in particular – have gone home."

Blue chips say they never abandoned relationship banking because of its many advantages. Even News Corporation, whose recent debt restructuring required the co-operation of 146 bank lenders, says it has "always stuck with" relationships.

"The transactions that the 146 banks participated in were all originated by a small group of banks that did everything for us," the company says.

Relationship bankers, companies argue, tend to be more reliable in times of distress, more trustworthy, faster on their feet in bid situations, and dream up more useful new ideas.

"Relationship banking has two benefits for us," says Mr Nigel Stapleton, finance director of the publisher, Reed International. "First, they are more responsive when we need something done quickly. Second, because they know the business, they come up with some relevant innovative ideas."

If Reed had put its credit facilities with the banks offering the lowest commitment fees during the lending spree, it could have ended up with lines in place from the failed Bank of New England, Mr Stapleton points out.

"I like to have clear relationships with a number of banks which means that if it starts to rain, the umbrella stays up," says Mr Bob Carlton-Porter, finance director of the building products group, BCC.

In fact, many finance directors ensured that their companies obtained relationship banking on the cheap during the buyer's market by using offers from transactional-oriented banks to drive down their core bankers' prices.

"We use good rates as leverage," says Mr David Jinks, finance director of Cadbury Schweppes, the soft drink and confectionery group. "Clearly one has to take what is available in the market at the best rates."

Others achieved a similar goal by putting multi-option facilities (Mofs) in place, tying their lenders up in one facility at a lower cost than a bilateral overdraft agreement or a syndicated term loan.

"Our Mof didn't cost me more than 2-3 basis points," says Mr Nigel Turnbull, finance director of Rank Organisation, the leisure group.

BTR's Mof, arranged in 1987, provided the group with £500m in a standby line of credit for at least five years at an annual average cost of 3½ basis points.

The lenders hoped to benefit by supplying all of their customers' ancillary banking requirements. But, with up to 20 banks typically bidding for the work, the customers were usually assured a competitive quotation.

[illegible] transaction-oriented banks have now departed the fray, reducing the blue chips' bargaining power, and new Mofs are scarcer than hens' teeth.

Furthermore, lending for some purposes – for example, to buy property – is hard to find at any price.

"Very few banks or investors are interested in property finance," says Mr Donald Main, finance director of Trusthouse Forte, the hotels group.

"We have seen pricing this year go shooting up," says Mr Turnbull of Rank. "If we tried to put the same committed lines in place it would cost us at least 50 basis points more than it would have two years ago."

The situation may get worse, from a corporate perspective, before it gets better.

NatWest's Lord Alexander said last month that "corporate customers may well find that available funds will continue to decline in real terms, and that [illegible] price of those funds will con[illegible], even for the larger companies, to a 1 per cent margin."

Eventually, however, the finance directors of most blue chips expect the availability of cheap finance to increase as pressures on banks ease. These veterans of previous business cycles doubt that super-keen pricing will be unique to the 1980s.

"You could have asked that question post-1974 and people would have replied 'We have learnt our lesson now'," says Mr Duncan of Tomkins. "It is a function of the cycle, sadly. There will always be banks who look for an apparently quicker profit with a lower margin."

Trusthouse Forte's Mr Main says: "It is currently a seller's market as far as the banks are concerned. But in 18 months to two years it will probably be quite different."

Unisys loss hits $98m in quarter

By Louise Kehoe in San Francisco

UNISYS, the struggling computer company, reported continuing heavy losses for its first quarter. It said it was "re-evaluating its plans" to reduce costs by narrowing product lines and selling non-strategic assets in view of the economic environment.

Unisys said it still expected to reduce its debts, which stand at $3.43bn, by $800m this year, but acknowledged that this goal would be more difficult to achieve than it had expected.

For the first quarter, Unisys reported a net loss of $98.2m, or 79 cents per share. Analysts had expected losses of about 62 cents per share. In the first quarter a year ago, the company reported a net loss of $3.2m, or 19 cents per share. Revenue for the quarter fell from $2.31bn to $2.06bn.

Mr James Unruh, the chairman and chief executive of Unisys, said: "Our first-quarter results reflect our previously announced projection of a loss for the first quarter and a difficult first half.

"Our goals for the year continue to be to reduce debt, focus on liquidity and return to profitability," Mr Unruh said.

However, achieving these goals would be more difficult in the current economic environment and in light of slowing computer sales, he said.

Unisys will take further actions to cut costs, including moves to "narrow and focus our product line and marketing programmes, improve ongoing operations and sell non-strategic assets," Mr Unruh said.

The company plans to maintain net worth in excess of $3.5bn, as required by its bankers. "However, ... in the event that the company feels its net worth could fall below the minimum, it will begin discussions with its lenders in order to seek their forbearance."

Two US airlines post heavy losses

By Nikki Tait in New York

UNITED Airlines and Delta Air Lines, two of the biggest US carriers, yesterday posted heavy losses for the first three months of 1991, underlining the impact which the Gulf war and domestic recession has had on the industry.

However, Chicago-based United Airlines was more cheerful about the outlook.

"We are encouraged by the recovery we currently see," said Mr Stephen Wolf, chairman, "particularly in our Pacific markets where we expect May traffic to approximate May 1990 level and June traffic to surpass last year's levels."

But Mr Thomas Roeck, Delta's finance director, stressed that operating expenses continued to be "up significantly".

This, he said, reflected the growth in traffic and capacity in the current quarter, aircraft fleet and facilities expansions, and "favourable expenses trends in the prior year".

Delta said that although the airline had been "encouraged" by an 8 per cent growth in traffic in the first quarter, much of this had stemmed from the wave of fare-discounting in the first two months.

United lost $157m after tax in the three-month period, on virtually static operating revenues of $2.22bn compared with $2.19bn in the same period a year earlier, when the carrier reported a $36.4m net loss.

However, its operating deficit was significantly larger, at $269m against a loss of $47.2m last time.

The net figure was then reduced due to a number of items, including a surplus on property asset disposals and a large tax credit.

During the quarter, revenue passenger miles fell by 2 per cent, while capacity – measured by available seat miles – increased by almost 8 per cent. The passenger load factor fell from 64.9 per cent in the first quarter of 1990, to 58.9 per cent.

Delta, which ranks number three in the US industry after American Airlines and United, saw a smaller net loss of $84.1m, compared with a profit of $31.3m in the same period a year earl[illegible]

Operating revenues were up from $2.12bn to $2.3bn, but the carrier recorded an operating loss of $115.1m compared with a profit of $48.1m last year.

Delta's load factor fell to 58.46 per cent, compared with 60.97 per cent a year ago.

The losses reported by United and Delta follow some equally grim figures from American Airlines last week. Overall, the US industry is reckoned to have lost some $4bn during the last four months of 1990 and the first three months of the current year.

However, with the Gulf turbulence now past and amid signs the economy may be recovering, UAL shares gained a further ⅝ to $160, while Delta improved by $1⅜ to $72⅜.

Both stocks are close to their highs for the past 12 months.

Rental and service side bolster Xerox

By Bernard Simon in New York

A STEADY stream of rental and service fees has sheltered Xerox from the recession's impact on sales of its more expensive copying and duplicating products.

The Connecticut-based company yesterday reported virtually unchanged first-quarter earnings from continuing operations of $106m, or $1.01 a share, compared with $113m, or 97 cents, a year earlier.

The 1990 figures exclude a $367m loss on discontinued financing and real estate businesses.

Total revenues were virtually unchanged at $4.2bn, but masked significant differences among individual [illegible]. Lower sales of [illegible] typewriters and large copiers were offset by a modest rise in demand for less expensive [illegible] and fax machines.

Profits from document processing matched last year's levels, thanks mainly to growth in income from services, rentals, supplies and financing of equipment.

Xerox said it has a good response to its new DocuTech product line, launched last October, which combines several different functions in a single high-speed machine. It noted that all 28 [illegible] who [illegible] the equipment have ordered permanent installations, and some have placed further orders.

Mr David Nelson, analyst [illegible] Shearson Lehman, predicted DocuTech shipments will further boost Xerox's sales later this year.

He noted demand for office copiers had been relatively un[illegible] by the recession as the volume of copying keeps on rising, while the cost of lower-end machines had fallen to the point where they were no longer a major capital investment.

Xerox's financial services business, which includes the insurance group Crum and Forster, lifted first-quarter earnings to $6m from $3m, despite a 9 per cent fall in revenues to just over $1bn.

The company said improved insurance underwriting income, helped by an "aggres[illegible] to withdraw from unprofitable business, offset lower pre-tax capital gains.

Newmont Mining reveals 12% drop

By Karen Zagor in New York

NEWMONT Mining, the US natural resources company in which financier Sir James Goldsmith holds a 42 per cent stake, turned in a 12 per cent decline in first-quarter net income from continuing operations on sales which fell 9 per cent.

For the three months ended March 31, Newmont recorded net income of $37.4m, or 55 cents a share, on sales of $151.3m, against $57.4m, or 85 cents, on sales of $165.5m a year ago. The 1990 earnings were distorted by income from discontinued operations of $14.7m, or 22 cents a share, and a one-off after-tax gain of $10.4m, or 16 cents.

Net income from continuing operations was $37.4m in the 1991 quarter, compared with $42.7m a year earlier.

During the first three months of 1991, the average [illegible] Newmont [illegible] for gold fell to $401 an ounce from $414 an ounce a year earlier.

Newmont Mining's 90.1 per cent interest in Newmont Gold contributed $36.2m in pre-tax income, down 23 per cent from $46.8m the year before. Newmont Gold received an [illegible] of $373 an ounce for gold in the latest quarter compared with $404 a year earlier.

Sir James acquired his holding in Newmont in [illegible]ber in a $1.3bn forest-for-gold asset swap with Lord Hanson's UK conglomerate, in which Sir James exchanged his stake in CFI – the major operating business within Goldsmith's Oriental Investments group – for the Newmont holding.

Eaton reveals $12m deficit

EATON Corporation, the Cleveland-based engineering group, reported a net loss of $12m for the first three months of 1991, down from a $54m profit in the period a year earlier, writes Nikki Tait in New York.

Eaton, which sells products to the automotive, industrial and defence industries, revealed that sales for the first quarter slumped to $818m from $942m.

There was a $38m restructuring charge; without this, Eaton would have made a $13m profit.

Sharp rise at Sun Micro

SUN MICROSYSTEMS, the California-based maker of computer workstations, reported a sharp advance in third-quarter profit to $58.7m after tax from $36.7m in the year-ago period, writes Nikki Tait.

The company, which lifted sales to $848.3m from $632.2m, said its operating margin improved by 2½ percentage points from the second quarter, pushing this above 10 per cent. Earnings per share were up to 56 cents from 40 cents.

Compaq shares tumble on second-quarter warning

By Louise Kehoe in San Francisco

COMPAQ Computer's stock price dropped sharply in early trading yesterday when the company said second-quarter earnings were expected to be below those of the same period last year, primarily because of the impact of the strengthening dollar on overseas profits.

Compaq's share price dropped from a Wednesday close of $61¼ to trade at $54 at midday yesterday in New York, a fall of over 12 per cent.

First-quarter earnings, reported yesterday, were $114m, or $1.26 a share, up 24 per cent from $9m, or $1.06, a year ago. The earnings were at the low end of analysts' projections. First-quarter revenues rose 11 per cent to $971m from $872m a year ago.

Compaq warned that second-quarter earnings would be below those of the quarter last year when earnin[illegible] were $104.3m, or $1.18 a share, on revenues of $862m.

During the first quarter, international revenues rose 16 per cent, while US revenues rose by 5 per cent, Compaq said. Foreign sales accounted for 59 per cent of the company's revenues.

"The rising value of the US dollar may have an adverse effect on revenues and profits in the second quarter," said Mr Rod Canion, Compaq president and chief executive.

He explained that Compaq had been able to hedge currency exchanges to mask unfavourable exchange rate changes toward the end of the first quarter, but if the dollar continued to rise against foreign currencies, there would be a significant impact in the second quarter.

The full impact of US price reductions ranging from 8 per cent to 34 per cent, implemented earlier this month, will also be felt in the second quarter, the company said. The price cuts are aimed at increasing Compaq's share of the US personal computer market, said Mr Canion. He noted, however, that Compaq[illegible] unit shipments in the US increased by 20 per cent in the first quarter, compared with an industry average of about 5 per cent.

After the close of the first quarter, Compaq announced a $135m equity investment in Silicon Graphics, a high performance graphics workstation manufacturer. The companies also reached a technology exchange agreement under which Compaq will make license payments to Silicon Graphics. Jointly developed products will be manufactured and marketed by both companies.

Bulk of BCE gain comes from telephone offshoot

By Robert Gibbens in Montreal

BCE, the telecommunications holding company, reported higher first-quart[illegible] earnings with larger contributions from Bell Canada, the telephone utility, and Northern Telecom, the equipment manufacturer.

The Canadian company's earnings were C$293m [illegible], or 88 [illegible] a share, up 11 per cent from [illegible] or 82 cents, a year earlier. [illegible] were C$4.7bn, against C$4.4bn.

Bell [illegible] contributed C$227m, or [illegible] cents a share, against C$220m, or 73 cents, a year earlier, and paid preferred dividends of C$17m in both periods.

Its local service revenues were up [illegible] per cent but long-distance fell 2.8 per cent because of a slow economy. Operating expenses dipped 3 per cent.

Montreal Trustco and TransCanada PipeLines made lower contributions.

● Shell Canada posted a C$35m loss in the first quarter, blaming a sharp drop in refined products prices and the recession. A year earlier it earned C$63m, or 56 cents.

The company will continue rationalisation while spending heavily to develop the big Car[illegible] natural [illegible] Alberta. This should be generating revenue early in 1993.

● United Westburne, controlled by Lyonnaise des Eaux of France, had a first-quarter loss of C$8.2m on revenues of C$489m, against a profit of C$2m, or 5 cents a share, a year earlier on revenues of C$591m.

The wholesale plumbing, heating and electrical supplies group will continue regional expansion in the US.

● The shutdown of two Ontario uranium mines and weak metals distribution markets reduced Rio Algom's sales and earnings in the first quar[illegible]

But the company's potash operations improved with better international prices while higher production increased returns from Rio's western coal venture.

Overall, the main Canadian arm [illegible] Britain's RTZ Group earned C$14m, or 31 cents a share, down from C$20.1m, or 44 cents, a year earlier, on sales [illegible] C$265m, against C$355m.

Copper earnings were stable, while the tin mining operation offset lower prices with higher output.

Allied-Signal hit by car industry slump

By Bernard Simon

ALLIED-SIGNAL, the US industrial conglomerate, [illegible] first-quarter earnings halved as a result of weak markets in its core automotive, aerospace and engineered materials businesses.

Net earnings tumbled to $63m, or 47 cents a share, from $129m, or 90 cents, a year earlier. Sales fell to $2.9bn from $3.1bn.

Mr Edward Hennessy, chairman of the New Jersey-based company, said profits were hit by the slump in the North American motor industry, the cutback in commercial airline traffic (which reduced orders for aircraft spare parts), and weaker consumer demand, which affected sales of carpet fibre.

The automotive division, whose products include brake systems, spark [illegible], turbochargers and filters, slid to an $11m loss, from profits of $32m.

Second-quarter profits will be significantly boosted, how[illegible], by the $476m sale of US offshore oil and gas operations owned by Union Texas Petroleum, in which Allied-Signal has a 39 per cent interest. The sale was finalised earlier this month.

Poor outlook [illegible] force Alcan [illegible] review dividend

By Robert Gibbens

ALCAN ALUMINIUM warned that it would be forced to reconsider its 1991 [illegible] spending of C$900m (US$775.8m) and its dividend policy if the global recession continues and aluminium demand remained stagnant.

Mr David Morton, chairman, said after the annual meeting that the world aluminium industry was going through a "rough spot that may be quite prolonged".

Alcan reported a small loss in the first quarter, but maintained its quarterly dividend.

Mr Morton would not estimate the impact of low prices and sluggish demand on Alcan's second quarter, but he [illegible] that business in April did [illegible] much change from the first quarter.

Spot ingot prices in London earlier this week touched a four-year low of around the equivalent of 61.5 US cents a pound. Mr Morton said that at such a level Alcan could still make an operating profit at the smelter level.

Steady growth at Sara Lee

By Nikki Tait

SARA LEE, the Illinois-based food group, saw an 11 per cent increase in net profits during its third quarter, to end-March. It made $120.8m after tax, compared with $108.9m in the same period a [illegible] ago, leaving it with profits of $393.9m after the first nine months, against $353m last time.

Sales during the latest three months rose by a more modest 4 per cent, to $2.91bn, with the company reporting an 8.2 per cent improvement in operating income, at $114m.

Interest charges in the quarter fell from $36.9m to $24m.

ICI plunges 52% but still tops market expectations

By Clive Cookson in London

IMPERIAL Chemical Industries yesterday reported [redacted] 52 [redacted] cent drop in first-quarter pre-tax profits to £198m ($334.6m). Turnover fell by 12 per cent to £3.05bn.

"Our results [redacted] the recessionary conditions in many markets," said Sir Denys Henderson, chairman. "The first half is likely to remain difficult but some modest improvement in demand is possible later in the year."

Most analysts had forecast an even worse outcome, so ICI shares rose sharply on the figures but fell back later to close 8p up at 1073p.

Net profits after tax for the first quarter fell from £265m to £123m, giving earnings per share of 17.3p (38.1p).

ICI Pharmaceuticals, whose strong performance during 1990 underpinned the results of the whole group, showed a surprisingly sharp drop in the first quarter of 1991. Trading profit fell from £144m to £88m and turnover was £324m, down from £367m the previous year.

The company said the underlying pharmaceuticals business remained strong. The 1991 figure was hit by advance buying of drugs last year to beat price increases and by the weaker US dollar.

Turnover in paints fell from £417m to £362m, but the trading profit improved marginally – from £18m to £19m – as the business cut costs.

The quarter's only significant improvement was in fertilisers, where trading profits jumped from £1m to £9m. ICI tried to sell the fertiliser business last year to Kemira of Finland but was blocked by the UK government on the advice of the Monopolies and [redacted] Commission.

Trading profits in agrichemicals and seeds fell only slightly from £72m [redacted] even though European sales were hit by cold weather in January and February. Worst hit by the recession were petrochemicals and plastics, which [redacted] a £6m loss, compared to [redacted] profit the previous year of [redacted], on turnover [redacted] £601m.

"If there is one area where we see some concern about whether we have seen the bottom of the recession, it is petrochemicals and plastics," said Mr Colin Short, finance director. "There may be some way to go before we see the bottom there."

Profit margins at ICI and other international petrochemical producers are likely to be substantially worse during the [redacted] quarter of the year than during the first quarter.

Even though ICI's results were above market expectations, analysts were reluctant to upgrade their profits [redacted]casts for the whole year.

UBS Phillips [redacted] Drew [redacted] still going for £700m, BZW for £750m and Kleinwort Benson for £860m. ICI's pre-tax profits were £977m in 1990 and £1.58bn in [redacted]

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Vickers [redacted] BAe held back by fall in demand

By David Owen in [redacted]

DEPRESSED car [redacted] are affecting performance at Vickers and British Aerospace, the UK defence and automotive groups.

The chairmen of both companies warned yesterday that interim profits would be below [redacted] levels. [redacted] shares slipped 2p to 209p; BAe's were down 6p at 612p.

Sir David Plastow, of Vickers, said the first half would be "particularly difficult" due [redacted] reduced [redacted] sales [redacted] redundancy costs. Vickers had made 670 workers redundant since January. The cost of this will be taken in the first half.

He said Rolls-Royce was unlikely to make a significant contribution to earnings over the full year.

Responding to questions at the group's annual meeting, he said that first-quarter sales of Rolls-Royce and Bentley cars were down by "about 50 per cent." Vehicle sales since January totalled 1,049.

The group, which said its other businesses were performing satisfactorily, is expected soon to receive a long-awaited order for 100 to 200 Challenger 2 tanks for the British army.

Professor [redacted]land Smith of [redacted], owner of the Rover Group, said that interim results would fall short of 1990 levels "despite the strong performance of our defence companies".

The power of a public sector hero

Peter Bruce on Endesa's future under Spain's electricity shake-up

SPAIN'S big private sector electricity generators have nightmares about Mr Feliciano Fuster trampling over their territory with the might of the state behind him.

Mr Fuster, a 66-year-old Mallorcan industrial engineer, is president of Endesa, the state-controlled electricity utility that commands nearly a quarter of Spain's generating capacity. He is a hero in the public sector and the central figure in a sweeping and increasingly combative reorganisation of Spanish utilities by the government.

He is irritated that two of his biggest private sector rivals, Hidrola and Iberduero, are thinking about merging in order to confront the reorganisation ordered by Madrid.

"It would not promote competition," he says. "In fact, it would be against competition. I cannot compete with a group that has practically all the [low-cost] hydroelectric capacity in the country."

Spain's electricity is generated by more than 20 companies, many of them small with tiny regional distribution rights. Most own only a half or a third of a power plant. Because tariffs have been unified, the government has had to erect a frighteningly complex compensation system where low-cost producers pay out to high-cost rivals according to standard asset values held by the companies.

The reorganisation "which uses the new British model as a form of confirmation", says Mr Fuster, is designed to create just a few large generators.

"The efficiency of the sector has not been exactly fantastic," he says, pointing out that the industry has short and long-term debts of around $40bn, even though final tariffs are roughly similar to other European countries. "We are a collection [redacted] geographic monopolies. Why should [redacted] simply [redacted] it has traditionally been that way?"

[redacted] defensive, it is. Endesa has been fiercely criticised for abandoning its [redacted] as [redacted] wholesale [redacted] supplier to the private utilities, which are obliged to buy some of their power at a rate fixed by the government.

In 1989, it bought 9.2 per cent of Sevillana, the Andalucian generator and distributor. Earlier this year it bought 80 per cent of Electra de Viesgo in northern Spain, and smaller packages of shares in Union Fenosa, also in the north, and Fecsa, the Catalan utility. The president of one Spanish bank with large holdings in the sector says this amounts to little more than the nationalisation of the industry.

Nonsense, says Mr Fuster. "If we wanted to control Sevillana we would have bought it. What do they accuse us of? Buying 10 per cent of Sevillana? Banco Bilbao Vizcaya bought 10 per cent just after us and no one said a thing. We bought that stake because we and Sevilla have a lot of business together."

"We should not be talking about whether we are public sector or private sector. We should be talking about whether we are efficient or not. Endesa is not the state. We are a company in which the state holds a 75 per cent stake. (The other 25 per cent was floated in Spain and [redacted] three years ago). [redacted] are not nationalising. We are offering public sector management."

That [redacted]t has not served Endesa badly. It is the state holding company, the Instituto de Industria's (INI), most profitable company, earning some Pta80bn ($741m) after tax last year.

The fact that Endesa, when it was the sector's ugly duckling, was forced to concentrate on coal-fired thermal power, while the private sector was allowed to build hydro-electrical and nuclear plants, has been turned on its head. Even independent analysts believe it is the most specialised and efficient thermal power generator in the country [redacted]

However the carping from the private sector will not go away, largely because Mr Fuster's acquisitions have placed Endesa in a strong position to head one of the two or three groups – he would rather see Hidrola and Iberduero each controlling a separate combine – that emerge from the reorganisation.

Any reorganisation of the sector will involve a huge interchange of assets between the final sector leaders in order [redacted] ensure they [redacted] similar production [redacted]. Holding on to 11.5 per cent of Fecsa, 5.7 per cent of Union Fenosa, and 9.2 per cent of Sevillana means Endesa has something to swap. Viesgo, Mr Fuster says, will probably be sold on again as part [redacted] swap.

Whatever the private sector and its banking partners do, Endesa is probably unstoppable. Mr Fuster and the government are convinced that larger generating companies will allow the industry to cut costs and replace over-regulation with real competition.

Akzo turns in 4.7% decline to Fl 192.2m

LOWER earnings in specialty chemicals and coatings helped push down first-quarter n[redacted] profit at Akzo, [redacted] Dutch chemicals group, by 4.7 per cent to Fl 192.2m [redacted] writes Ronald van de Krol in Amsterdam.

Operating profit showed a steeper decline, falling by nearly 21 per cent to Fl 296.6m from Fl 375.2m. However, this decline was largely cushioned by a substantial reduction in financing charges to Fl 67.7m from Fl 113.6m in the 1990 first quarter.

The company blamed the fall in operating profit mainly on its activities in Brazil, which had enjoyed a particularly good first quarter in 1990 and which had not been able to match these results in 1991.

Akzo, the first big Dutch company to release results for early 1991, said in February that first-quarter results would be lower. But the 4.7 per cent decline compared well with the 30 per cent fall in 1990.

Adia reveals 43% fall in profits for year

By William Dullforce in [redacted]

ADIA, [redacted] international employment and services group, yesterday disclosed [redacted] 48 per cent fall to SFr115m ($78m) in net consolidated earnings in 1990.

Group turnover, including computer leasing operations, declined by 3.2 per cent to SFr5.8bn. Revenues from the core employment, security and inspection services rose 3 per cent to SFr4.1bn.

Adia SA, the Lausanne-based holding company which operates to a fiscal year ending June 30, will announce its dividend in September. Adia said it would be lower than the SFr27.5 per bearer share and SFr5.50 per participation certificate paid on the previous account.

Asko Deutsche Kaufhaus, the German retailing group, and Swiss businessman Mr Klaus Jacobs acquired a 53 per cent stake in Adia last month. This followed efforts by Omni Holding, Adia's ultimate parent and the linchpin of entrepreneur Mr Werner Rey's financial empire, to resolve its [redacted] problems. At the same time, Adia secured the reimbursement of an outstanding SFr192m loan to Omni.

Mr Rey's company is under court protection while its assets are being realised.

In 1990, Adia said, the operating environment had worsened in most of the countries in which it operates. Worst affected were the US and UK. Also, the dollar, in which Adia realises half its profits, depreciated throughout the year against the Swiss franc.

Group operating earnings, excluding computer leasing, fell 26 per cent to SFr204m. Operating profit from temporary help and personnel services dropped 27 per cent to SFr149m.

The 1990 figure includes SFr28m in provisions which, says Adia, would cover its remaining exposure to Omni.

Swedish group forecasts drop

ATLAS COPCO, the Swedish mining, compressor and industrial equipment manufacturer, yesterday forecast its profits for 1991 would be below the 1990 results of SKr1.27bn ($204m), marking a second consecutive year of a fall in earnings, writes John Burton in Stockholm.

The company based the forecast on a 10 per cent fall in sales to SKr3.5bn during the first quarter of this year. It did not see any sign of an upturn in order bookings. Results for the first quarter will be released on May 16.

Net [redacted] French insurer [redacted] to FFr4.2bn

UNION [redacted] Paris (UAP), [redacted] leading French [redacted]-own[redacted] insurer, yesterday reported a 27 per cent increase in net profits for 1990, writes William Dawkins in Paris.

Group turnover rose 51 per cent to FFr97.8bn ($16.5bn). However, UAP said the underlying rise was 9.4 per cent, after taking account of the consolidation of its minority stake in Groupe Victoire, and its controlling stake in Gesa, the Spanish assistance and emergency services group it acquired in February last year.

Net profits rose from FFr3.4bn in 1989 to FFr4.2bn last year, a 23 per cent increase, re-adjusted to 27 per cent after changes in accounting principles to bring UAP in line with international norms.

Dollar blamed as Norsk Hydro dips to NKr1.07bn

By Karen Fossli in Oslo

NORSK HYDRO, Norway's biggest [redacted] reported lower first-quarter pre-tax profits [redacted] NKr1.069bn [redacted] against NKr1.624bn a year [redacted]lier. The company blamed the negative effect of [redacted] dollar towards the end [redacted] reporting period.

N[redacted] profits fell to NKr611m from NKr813m in the first quarter of last year. Norsk Hydro said that net income was strongly influenced by the strengthening of the dollar.

"Altogether, the realised and unrealised effects of foreign exchange movements during the period resulted in a loss of NKr450m, compared with a loss of NKr11m in the first quarter," the company said.

The unrealised exchange loss is expected to be offset over time by the positive effect of a high dollar on future revenues.

Group operating revenue rose to NKr16.23bn in this year's first quarter, compared [redacted] NKr15.57bn [redacted] time. Operating income [redacted] however, to NKr1.81bn from [redacted] in [redacted] quarter of 1990.

"The strengthening of the dollar towards the end of this year's first period contributed [redacted] an increase in financial charges to [redacted] from NKr318m in the [redacted] quarter of last year," Hydro said.

Provision for [redacted] and deferred [redacted] in the first quarter [redacted] 1991 amounted [redacted] NKr438m, equivalent to 41 per cent of pre-tax income, compared with NKr798m, or 49 per cent of pre-tax income, in 1990.

Spain poised to establish leading bank

THE SPANISH [redacted] in advanced negotiations to [redacted] country's largest bank, with assets worth some $85bn, by pooling all of the state's financial institutions under a new holding company, writes Peter Bruce in Madrid.

Government officials describe the process as "a very advanced idea, although not yet concrete". The pool of public banks, as Mr Carlos Solchaga, the finance minister, has described it, would probably be led by Banco Exterior, in which the state still has a 60 per cent holding, and include the Caja Postal, the postal savings bank, the official mortgage bank, the agricultural credit bank, the industrial credit bank and the [redacted] Credito Local, which [redacted] town halls.

INTERNATIONAL COMPANIES AND FINANCE

Australian airlines join the rat race

Kevin Brown examines the fast-changing outlook for the industry

Flying the flag: the government is going ahead with plans to privatise 49% of Qantas

IN Australia, airline officials need to be quick on their feet, not just to react to market conditions but to keep pace with changes in government policy.

Only six months ago, the federal Labor government ended decades of strict regulation of domestic aviation by opening the market to any Australian-owned entrant which could raise the capital.

Now the government has announced it will go ahead with plans announced in December to privatise 100 per cent of Australian Airlines, the government-owned domestic carrier, and 49 per cent of Qantas, the international flag carrier.

The announcement was welcomed by Australian Airlines, which relishes the thought of life in the private sector, and predicts strong competition among foreign carriers keen to acquire a stake.

But the outlook is less certain for Qantas, irreverently known as the flying rat because of its kangaroo logo, which lost a battle with the government over the terms of the sale, and will become one of the [illegible] international airlines barred from its own domestic market.

There are also serious con[illegible] privatisations, which is driven by the government's need to complete the process before March 1993, when it faces a general election.

The industry has still not recovered from a year-long domestic pilots' strike, which was defeated early last year only with the assistance of the Royal Australian Air Force.

The strike temporarily grounded both Australian Airlines and Ansett Australia, jointly owned by TNT and News Corporation; wiped out the profits of both airlines; and caused a serious dip in inbound tourism.

Weakened by the strike, the airlines were forced to cope with deregulation and the advent of an independent competitor, Compass Airlines, which succeeded in sparking off a fares war.

In addition, the Australian industry is suffering with the rest of world aviation from the impact of the Gulf war and economic slowdowns in the main English-speaking countries.

As a result, Australian Airlines expects to do little better than break even at the operating level this year, following an operating loss of A$13m last year, and Qantas will make an operating loss of between A$350m and A$500m, alleviated by profits of up to A$400m from aircraft sales.

Recognising reality, the government has abandoned plans to float both airlines this year in favour of a trade sale, which may be followed by a partial flotation next year.

Interested airlines will shortly receive an information memorandum seeking bids for up to 25 per cent of either airline, subject to a total overseas shareholding of 40 per cent for Australian and 35 per cent for Qantas.

The government will decide after seeing the initial bids whether to go ahead with a partial flotation of the remaining shares or place them with other strategic investors.

There is likely to be no shortage of interest in Australian Airlines, which has around 43 per cent of the domestic market, and is known to have had initial talks with several overseas airlines.

Air New Zealand has been trying for several years to gain access to the Australian domestic market, and several other regional airlines are believed to be interested, including Singapore Airlines, Garuda of Indonesia, and Japan Air Lines.

Potential investors from outside the region include British Airways, which has strong traditional links with Australia, and United Airlines of the US.

Whichever airlines eventually invest, Australian will gain from increased access to flows of inbound tourists, 40 per cent of whom use domestic airlines to travel within Australia.

NOT surprisingly, Mr Ted Harris, Australian's chairman, says he welcomes the government's decision to go ahead with the sales, reasoning that trade buyers will value the airline on the basis of long-term potential rather than current performance.

Most of the airlines which are interested in Australian are also looking [illegible] Qantas. However, Qantas is in a much weaker position. The airline misjudged the growth of the tourist market after the boom during Australia's bicentenary in 1988, and geared up too quickly to deal with growth which has not happened.

As a result, it will have to sack between 3,000 and 5,000 of its 20,000 staff to get back into line with the productivity levels of competing airlines. More [illegible] surgery is being considered by [illegible] & Lybrand, the accountants, which will [illegible] a crisis report for [illegible] board in May.

Qantas further [illegible] image last month [illegible] emerged of a ser[illegible] agreements with Brierley Investments, American Airlines and Japan Air Lines hatched during the joint takeover of Air New Zealand in 1989.

The agreements caused Qantas to pay a higher price than its partners for Air New Zealand shares, and committed it to subsidise dividends to Brierley and, in some cases, top up the return from future sales of shares.

Qantas says the secret deal was justified because it conferred partial control of an important competitor, and blocked a rival bid which would have allowed British Airways to build a powerful South Pacific hub.

Nevertheless, the episode weakened the already insecure position of Qantas management in Canberra, and helps explain the government's decision to reject the airline's plans to acquire up to 25 per cent of Australian to protect its access to domestic traffic.

The decision prompted an angry response from Mr Bill Dix, Qantas chairman, who said the airline was being excluded from the domestic market at the same time as the government was encouraging overseas competitors to buy a stake in Australian.

IRONICALLY, the explanation offered by government advisers is that allowing Qantas to enter the domestic market would make it difficult to refuse an international licence to Ansett, which would then be in a position to compete with Qantas.

The value of the [illegible] airlines is unclear because of the difficulty of judging the premium which overseas airlines may be willing to pay for strategic reasons. The government has also muddied the waters by indicating that it will strengthen the balance sheets of both airlines before the sales begin.

Government officials are still working on the size of the proposed capital injections, but airline executives say Qantas has debts of more than A$3bn compared with equity of around A$1bn, and requires between A$600m and A$1bn to reduce its debt-to-equity ratio to more acceptable levels. Australian Airlines has debts of A$1.3bn compared with net assets of around A$1.7bn, and is understood to have asked the government for A$300m.

On this basis, analysts say Australian is probably worth between A$750m and A$1bn, and Qantas between A$1bn and A$1.5bn – assuming the government guarantees a stable environment by ruling out further changes of policy.

Interpublic in 8.4% decline

INTERPUBLIC, one [illegible] world's largest marketing groups, announced an 8.4 per cent fall in first-quarter net income from $8.64m [illegible] $7.9m, writes Alice Rawsthorn.

The [illegible] owns McCann-Erickson and Lintas, the leading international advertising agencies, cited the acquisition of the Lowe Group, the London-based marketing company, as the main reason for the decline.

Lowe contributed [illegible] increase in Interpublic's [illegible] income to [illegible] ($284.49m) but had a negative effect on net income.

Interpublic's earnings per share fell [illegible] from [illegible] cents 26) in the three months to March 31. However, the dividend [illegible] raised to 19 cents, against 17 cents last time.

For the past year the international advertising industry has been depressed by recessions in the major markets of [illegible], UK and Australia.

Greece's main private banks climb strongly

By Kerin Hope in [illegible]

GREECE's leading private banks reported strong profit growth for 1990, benefiting [illegible] continuing deregulation of the banking system and a broadening capital market.

Credit Bank announced [illegible] net [illegible]), a 161 per cent rise over the previous year.

[illegible] growth in operating income rose by 60 per cent, while underlying costs rose by [illegible]. The results reflected both the growth of economic activity in the private sector and the bank's expansion into new areas such as underwriting.

Ergobank, a smaller private bank, reported an increase in net profits of 69 per cent to Dr13.7bn. Underlying growth in operating income rose by 58 per cent while costs rose by 38 per cent. The bank announced a dividend of Dr500 on earnings per share of Dr758. Return on equity was 51.2 per cent, down from 59.3 per cent in 1989.

INTERNATIONAL CAPITAL MARKETS

Batch of bad news upsets traders in German bonds

By Sara Webb in London and Patrick Harverson in New York

D-MARK weakness, gloomy economic figures and rumours that the Soviet President, Mr Mikhail Gorbachev, had offered to resign, upset the German government bond market yesterday.

News that Mr Gorbachev had offered to resign from his position as head of the Communist party (the offer was rejected) coupled with poor German inflation data led to some selling of bunds, traders said, although bund prices were virtually unchanged on the day.

The cost of living in North-Rhine Westphalia, Germany's most populous state, rose 0.5 per cent in the month to mid-April, giving a year-on-year rise of 2.6 per cent. Dealers said this was taken as a sign that nationwide inflation figures would show a similar increase.

The lack of new federal government bond issues since the start of the year have helped to keep yield rises in check, but dealers are increasingly worried that there could be a new federal issue in early May which could depress the market still further.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-21	+02/32	10.69	10.61	10.66
		9.000	03/00	93-23	+07/32	10.09	10.15	10.14
		9.000	10/08	99-14	+13/32	9.79	9.89	9.91
US TREASURY *		7.750	02/01	97-30	+00/32	8.06	8.03	8.16
		7.875	02/21	98-05	-02/32	8.22	8.18	8.35
JAPAN	No 119	4.800	6/99	87.9907	-0.134	7.15	7.04	7.04
	No 129	6.400	03/00	98.1350	+0.028	6.74	6.66	6.62
GERMANY		9.000	01/01	103.7500	-	8.41	8.38	8.53
FRANCE	BTAN	9.000	02/96	99.6304	+0.037	9.07	9.03	9.26
	OAT	9.500	01/01	103.9900	+0.050	8.86	8.83	9.13
CANADA *		9.750	06/01	101.2500	+0.500	9.55	9.56	9.62
NETHERLANDS		8.500	03/01	99.3900	-0.220	8.59	8.57	8.75
AUSTRALIA		13.000	07/00	111.7353	-0.002	10.94	10.94	11.38
BELGIUM		10.000	08/00	105.0000	-0.050	9.16	8.96	9.16

London closing, *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

■UK government bonds edged up, though traders said that in the absence of any important economic data the move was probably inspired by the US market.

Attention in the gilts market is likely to focus on next week's local elections, and traders expect to see some upward pressure on yields over the next few days.

■TRADING in Japanese government bonds was dull ahead of the Golden Week holidays next week, although dealers warned that consumer prices index figures released today could provide the market with some indication of whether the Bank of Japan will ease its monetary policy.

Hopes of an imminent cut in the official discount rate are receding, according to a national newspaper poll of analysts.

Roughly one-third of those polled said they expect a cut during May, one-third between May and July, while one-third thought the cut would not come until after August.

The yield on the benchmark No 129 bond was unchanged on the day in Tokyo at 6.74 per cent.

■US government bond prices firmed at the short end but weakened slightly at the long end yesterday morning as the market prepared itself for the afternoon auction of five-year notes.

By midday, the benchmark 30-year Treasury issue was down $\frac{1}{16}$ at 96$\frac{1}{16}$, yielding 8.212 per cent, while the two-year note was up $\frac{1}{16}$ at 100¼, to carry a yield of 6.915 per cent. Trading activity was reported to be light.

Although the announcement of another large rise in the number of people claiming state unemployment insurance perked up the short end of the market, the impending injection of fresh supply left the long bond weaker, with dealers and investors paring positions to make room for the $9bn in notes due to be sold at 1pm.

With Fed funds trading below the Federal Reserve's target of 6 per cent, the Fed arranged overnight matched sales to drain liquidity from the banking system and push up the rate.

By midday, the Fed funds rate was unchanged at 5¾ per cent.

Brazil scraps broker system

By Victoria Griffith in San Paulo

THE Brazilian stock exchanges yesterday scrapped their exclusive broker system, moving closer to the auction system of the New York Stock Exchange.

Following a ruling by the National Monetary Council, buyers and sellers of equities can now close deals without broker intermediation.

"The new rules will add flexibility to the stock exchanges by putting an end to the brokers' trading monopoly," said Dr Elizabeth Garbayo, superintendent of market development at Brazil's stock market watchdog, the Commissao de Valores Mobiliarios (CVM).

Brazilian investors welcomed the change in rules. "The broker system has created an insiders' club at the exchanges," said Mr Antonio Carlos Molina, head of the fund manager company Brasilpar Servicos Financeiros. "This in turn fostered a shallow market, the sort of environment in which scandals can abound."

It is hoped the move will spawn a "specialist" system similar to the one operating on the New York Stock Exchange. The specialists would guarantee liquidity in certain stocks.

But Mr Alvaro Vidigal, president of the Sao Paulo Stock Exchange, was sceptical. "This just won't catch on, because the market won't let it," he said.

FT/AISD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. — Latest prices at [illegible] pm on April 25

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	[illegible]	[illegible]	[illegible]	7.82
ALBERTA PROVINCE 9 3/8 95	600	[illegible]	[illegible]	[illegible]	8.35
AUSTRIA 8 1/2 00	400	[illegible]	[illegible]	[illegible]	8.48
BANK OF TOKYO 8 3/8 96	100	[illegible]	[illegible]	[illegible]	8.69
BELGIUM 9 1/8 92	400	[illegible]	[illegible]	[illegible]	7.80
BFCE 7 3/4 97	150	[illegible]	[illegible]	[illegible]	8.18
BNP 8 5/8 94	500	[illegible]	[illegible]	[illegible]	7.62
BP CAPITAL 9 5/8 95	150	[illegible]	[illegible]	[illegible]	7.97
CANADA 9 96	1000	[illegible]	[illegible]	[illegible]	8.12
CARCO 9 1/4 95	650	[illegible]	[illegible]	[illegible]	9.26
CCCE 9 1/4 95	300	[illegible]	[illegible]	[illegible]	8.06
COUNCIL EUROPE 8 96	100	[illegible]	[illegible]	[illegible]	8.44
CREDIT FONCIER 9 1/2 99	300	[illegible]	[illegible]	[illegible]	8.70
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINSBNK 7 94 LFr	600	[illegible]	[illegible]	[illegible]	[illegible]
KREDIETCORP 7 93 LFr	1000	[illegible]	[illegible]	[illegible]	9.77
WORLD BANK 8 96 LFr	1000	[illegible]	[illegible]	[illegible]	[illegible]
ALBERTA PROVINCE 10 92 C$	300	100	[illegible]	[illegible]	[illegible]
BCE INC 9 5/8 93 C$	300	[illegible]	[illegible]	[illegible]	10.12
BELL CANADA [illegible] 99 C$	150	[illegible]	[illegible]	[illegible]	10.56
BRITISH COLUMBIA [illegible] 1/4 93 C$	150	99	[illegible]	[illegible]	9.83
EIB 10 1/8 98 C$	130	100	[illegible]	[illegible]	10.11
FORD CREDIT CANADA 10 94 C$	100	98	[illegible]	[illegible]	10.71
GENERAL ELEC [illegible] 10 1/4 93 C$	175	[illegible]	[illegible]	[illegible]	9.80
ONTARIO HYDRO [illegible] 99 C$	300	[illegible]	[illegible]	[illegible]	10.51
QUEBEC PROV [illegible] C$	200	[illegible]	[illegible]	[illegible]	10.65
ROYAL TRUSTCO [illegible] 93 C$	100	[illegible]	[illegible]	[illegible]	10.95
[illegible]					

DEUTSCHE MARK STRAIGHTS — [illegible]

SWISS FRANC STRAIGHTS — [illegible]

YEN STRAIGHTS — [illegible]

FLOATING RATE NOTES — [illegible]

CONVERTIBLE BONDS — [illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Conv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Tokyo to restrict finance companies

By Stefan Wagstyl in Tokyo

JAPAN'S 37,000 finance companies, which have been widely blamed for fuelling the recent surge in land prices, face new controls on their activities.

If a bill recently presented to the Diet (parliament) is passed, finance companies with assets of more than Y50bn will be required to file detailed reports of their lending books each year to the Ministry of Finance. In addition, they will be subject to spot checks by ministry officials.

The need for tighter controls was highlighted this week when Shizushin Lease, a leasing company, with debts of Y255.5bn, filed for court protection from creditors. If the company went under, it would be the first financial group to go bankrupt during the present squeeze on credit.

The new bill covers leasing companies, housing and consumer credit operations, which are collectively known in Japan as non-banks, to distinguish them from banks. Non-banks have not been subject to the same tight control as banks in the past because they were relatively small. But in the past five years they have taken advantage of the expansion in demand for credit to increase their loan portfolios to around Y70,000bn – or around one sixth of Japan's total banking assets.

The bill comes in response to fierce criticism of finance companies from politicians, newspaper commentators and others, who blamed them for supplying too much credit to the property market. The shortcomings of the regulatory system emerged after the Finance Ministry introduced strict limits on bank lending to real estate companies but was unable to do the same for finance companies.

The ministry's moves to regulate finance companies prompted strong opposition from some credit organisations which said they were being unfairly blamed for the crisis in land. They argued it was wrong to lump together companies which lent little to property developers – such as some credit card companies – with others which had extensive dealings in real estate. Also, they said the distinction between "banks" and "non-banks" was unfair since some "non-banks" were closely affiliated to banks.

These concerns are recognised in an annex to the bill which, says the Finance Ministry, will only use its new powers in relation to land loans.

Singapore group moves into HK stockbroking

By John Elliott in Hong Kong

UNITED IBV of Hong Kong, a member of the United Overseas Bank group of Singapore, has set up a joint venture stockbroking firm in Hong Kong with Mr Mok Ying Kie, a veteran broker who was chairman of the Hong Kong Stock Exchange from 1976 to 1986.

Called United Mok Ying Kie, it will have an issued share capital of HK$15m and will be 60 per cent owned by UIBV and 40 per cent by Mr Mok.

It has acquired three shares in the local stock exchange from Mr Mok's own firm. The chief executive is to be Mr Richard Witts, managing director till last month of Schroder Securities (Hong Kong).

UIBV said last night this was in line with plans to expand its stockbroking interests outside Singapore.

It also has seats on the Manila and Jakarta exchanges.

Foreigners invest in Canadian bonds

NON-resident investment in Canadian bonds reached a record net C$3.9bn in February, Statistics Canada said, Reuter reports from Ottawa.

It was an increase from C$2.5bn in January, in spite of narrowing interest rate differentials on long-term bonds between Canada and the US.

In these two months, new issues of Canadian bonds attracted virtually all the foreign investment. A small investment was recorded in the secondary bond market.

Non-residents again reduced their holdings of Canadian stocks by C$500m in February, bringing to C$2.7bn the net sell-off over the last eight months. The net selling in February came from US and European investors. Canadians acquired on a net basis C$600m of foreign securities in February, up from net sales of bonds and stocks of C$400m in January. In February, the net investment comprised C$400m of foreign bonds and C$200m of foreign stocks.

INTERNATIONAL CAPITAL MARKETS

Heavy supply of issues in French franc sector

By Tracy Corrigan

TWO further issues totalling FFr2bn brought the level of supply in the French franc sector of the Eurobond market to FFr3.5bn in the past two days.

Crédit National, the French financial institution, and a unit of Deutsche Bank each launched FFr1bn of paper yesterday, following Banque Nationale de Paris' FFr1.5bn deal on Wednesday.

Secondary market spreads in the French market sector have tightened over the past month or so due to the shortage of paper in the primary market.

Most government-owned borrowers, having lost their government guarantees for Eurobond issues, are sticking to the French domestic market rather than pay a premium to tap the Eurobond market. At the same time, the strength of the French government bond market, and its gains against the German market, have buoyed foreign demand for French franc Eurobonds.

The tightening of spreads has allowed borrowers to achieve their funding targets through the swaps market. The

INTERNATIONAL [illegible]

Crédit National deal was swapped in the floating-rate French francs at a couple of basis points below the Paris interbank offered rate (Pibor). A number of other issuers are currently looking at the market.

The market was able to absorb the heavy supply quite easily, as the paper was spread across a wide range of maturities, from four years for Crédit National to 10 years for Deutsche, and among different groups of investors. The Crédit National deal, fungible with an outstanding FFr1bn issue, was placed mainly with domestic institutions, while the Deutsche deal met strong demand among German retail investors.

Another short-dated dollar deal, for Kansallis-Osake-Pankki, the Finnish Bank, emerged. The $200m four-year issue was priced to yield 85 basis points over the average of three and five year US Treasuries (the four-year Treasury is not a liquid benchmark).

The Treasury yield curve between three years and five years is unusually steep, with a differential of about 50 basis points. This has created arbitrage opportunities in the swaps market. However, [illegible]ers say the volume of short-[illegible] dollar deals [illegible] exceeded demand.

● National Westminster Bank has raised $750m of subordinated debt in the Yankee bond market, the first bank to tap the sector this year. The 10-year bonds, launched by Goldman Sachs, were priced to yield 140 basis points more than the comparable US Treasury.

Dealers said the [illegible] market was currently the cheapest source of subordinated funding, which banks are keen to raise in order to meet capital adequacy requirements. There is a strong appetite for high-yielding products among US institutional investors, according to traders.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Kansallis-Osake-Pankki(a)†	200	8½	101.475	1995	1⅜/1½	CSFB
ECUs						
EDF(b)†	74.083	10½	107.90	2001	-	Paribas Capital Mkts.
CANADIAN DOLLARS						
KFW International Fin.(c)†	100	10	99.575	2001	2/1⅞	Merrill Lynch Int.
FRENCH FRANCS						
Deutsche Bank Fin.NV(a)†	1bn	9¾	101.085	2001	2/1⅝	Bque.Nationale de Paris
Credit National(d)†	1bn	9¼	100.5775	1994	1⅞	CCF
SWISS FRANCS						
Hydro Quebec(a)★★†	150	6¾	101¼	2001	-	UBS

★★Private placement. §Convertible. #With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Fungible with existing Ecu456.142 deal. Non-callable. c) Fungible with existing C$200m deal. Non-callable. d) Fungible with existing FFr1bn deal. Non-callable.

Hungary to build share portfolio to back bonds

By Nicholas Denton in Budapest

HUNGARY plans to build a share portfolio to [illegible] a planned issue of convertible bonds, a privatisation official said yesterday.

[illegible] a [illegible] State Property Agency (SPA), [illegible] privatisation authority, has put aside a 10 per cent state stake in a blue chip company [illegible] inaugurate the fund, according to Mr Peter Rajcsanyi, a director. Buyers of Hungarian convertible bonds could exercise them into shares from this fund.

After approval of the draft scheme, expected within a month, state stakes in about 24 partially-privatised companies would be added to the portfolio, Mr Rajcsanyi said.

Half [illegible] these companies would come from Hungary's First Privatisation Programme, a project begun [illegible] September to put 20 of the country's best companies into private ownership.

[illegible] the Hungarian National Bank had decided on the timing, a single investment bank would be chosen to manage the convertible bond issue, he said.

Mr Rajcsanyi's remarks follow a statement by Mr Lajos Bokros, president of the Budapest Stock Exchange, that Hungary planned to issue $150m-$200m worth of convertible bonds on the back of at least $250m worth of shares.

Convertible bonds are an imaginative way of linking Hungary's ambitious privatisation programme with paying the country's $21bn foreign debt, the highest per capita in eastern Europe.

"This is a novelty and we expect a relatively high interest in capital markets," Mr Rajcsanyi said yesterday. "If we come up with new ideas and new opportunities, then interest and eagerness can be maintained", he said.

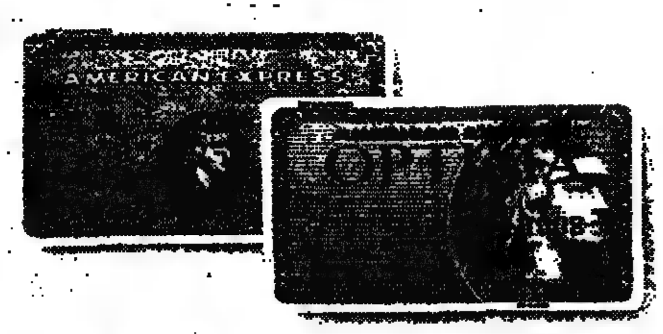
Hungarian officials think that the new type of bonds would contain national borrowing costs. Making Hungarian bonds convertible would give a foundation to them that went beyond the usual guarantee of the national central bank, Mr Rajcsanyi said.

Banks take interest in credit cards

Bernard Simon analyses moves in a fight to keep lucrative business

US financial institutions, fearful of losing ground in one of their most lucrative businesses, are pulling every lever they can find to keep their credit card holders and affiliated retailers happy.

American Express took the unprecedented step this week of cutting its commission on food and drink bills charged to its green and gold cards. It [illegible] responding to a threatened boycott by recession-hit restau[illegible] in Boston. It will reduce the fee on a sliding scale, with large restaurants getting a half-percentage point drop to 2.75 per cent.



American Express this week cut commission on its cards

Citibank, by far the country's biggest credit card issuer, recently [illegible] a service which guarantees that its cardholders pay the lowest prices available on the goods they buy. The bank says it has received claims numbering "in the hundreds" since the promotion began three weeks ago.

Some banks are also bringing down the interest rates they charge on outstanding card balances.

First Wachovia, the Atlanta-based super-regional bank, this week offered the lowest rate of any leading issuer – a floating rate of prime plus 2.9 percent[illegible] points, which at present translates to 11.9 per cent.

The $39 annual fee is higher however, than most other cards.

Chemical Bank, the 20th biggest issuer, is also introducing a floating rate on its Visa and MasterCard, though at considerably higher rates than First Wachovia.

Financial institutions are loathe to lose card-holders at a time when many other parts of their business are under pressure. First Chicago, whose 6.6m accounts make it the country's third biggest card issuer, raised $91.5m in credit card fees in the first three months of this year, equal to 34 per cent of its total non-interest revenue, and up from 26 per cent last year.

Furthermore, the banks are realising that in a mature market it is cheaper to hang on to an existing customer than to pull in a new one. Mr Jerry Craft, executive vice-president at First Wachovia Card Services, says the bank hopes [illegible] its new low interest rate will enable it to reduce marketing and customer-retention costs.

Banks are realising that in a mature market, it is cheaper to hang on to an existing customer than to pull in a new one

The banks are facing severe competition for card business not among themselves but from a growing number of other issuers, the most aggressive of which is American Telephone [illegible] Telegraph, the telephone company. [illegible] forging links with small banks, AT&T last year gained Visa and MasterCard franchises for its Universal card. It then marketed the card vigorously by waiving the annual fee and offering lower interest rates than the 19.8 per cent quoted by most money-centre banks.

The Nilson Report, a California-based publication which tracks the credit card business, estimates that AT&T had by last [illegible] vaulted [illegible] sixth position among card issuers, with 4.5m holders.

Sears, [illegible] Chicago-based retailing and financial services group, is now trying to get a Visa franchise through its purchase of a failed savings [illegible] loan institution. Its Discover card is already the third most popular card.

Despite [illegible] recession, [illegible] credit card [illegible] continues to grow. The number of cards in circulation in the US grew by [illegible] per cent last [illegible] to 293.4m, and billings jumped by 15.4 per cent.

But the fruits of this growth are by no means being spread around evenly. Visa's market share, now at 43 per cent, is growing. MasterCard at 26 per cent and American Express at 24 per cent are losing ground.

American Express set aside $50m in the first quarter for credit write-offs on its cards. It ascribed [illegible] modest [illegible] per cent [illegible] the number [illegible] its US cards in the [illegible] three months of this year to stricter screening of applications and "an intentional tightening" of its marketing efforts.

But many American Express competitors show no sign of easing up on their promotion campaigns. While the biggest banks are generally loathe to succumb to public pressure for lower interest charges, their [illegible] of "services and benefits" to [illegible] keep expanding.

Citibank, for example, [illegible] interest [illegible] on its [illegible] and MasterCard unchanged since 1981. But [illegible] now offers, among [illegible] things, extended warranties on purchases made with its cards, [illegible] on long-distance phone calls, plus the [illegible] guarantee scheme.

Five [illegible] ago, [illegible] 25 [illegible] and MasterCard [illegible] accounted for [illegible] 47 [illegible] cent [illegible] the market.

That slice has [illegible] grown [illegible] 60 per [illegible]. Mr [illegible] Robert[illegible], president [illegible] the Nilson Report, [illegible] the intensifying rivalry will inevitably [illegible] getting even bigger, [illegible] of [illegible] smaller rivals.

Philippines moves to attract foreign investors

By Greg Hutchison in Manila

THE Philippines' [illegible] bank plans to simplify procedures for repatriating proceeds of portfolio investments. These could take effect from June.

This measure, with imminent reforms to laws governing foreign investments, appears [illegible] be a manifestation of the government's desire to make the country more attractive to foreign investors.

Mr Gabriel Singson, deputy central bank governor, said the rules will simplify the registration and repatriation of foreign investments in officially-approved Philippine securities. They would cut down the registration [illegible] repatriation time to an average [illegible] 10 working days, against three months currently.

The changes include the central bank authorising custodian banks – which conduct 90 per cent of securities transactions – [illegible] issue securities transaction documents. The measure is therefore expected [illegible] workload of [illegible] central bank, cutting processing time for the remaining 10 per cent of investors.

Dividend repatriation is to be speeded by removing the need for approval from both the corporation issuing a security and the broker or custodian bank involved. Approval of the "[illegible] agent" – invariably a bank – will be sufficient. Furthermore, [illegible] will no [illegible] need to submit a stock certificate.

Mr Singson [illegible] reforms would address stockbrokers' concerns about delays in the repatriation of foreign investments in central bank-approved Philippine securities and the lack of effective control by the custodian banks of the central bank registration documents.

Brazil woodpulp producer plans ADR

By Christina Lamb in Rio de Janeiro

ARACRUZ Celulose, Brazil's leading woodpulp producer, is planning an international share issue on the New York Stock Exchange to raise between $100m and $150m in the form of American Depository Receipts.

Mr. Mauro Molchansky, the company's financial director, said: "We would like to open a window on the international markets to finance projects for the next decade and amortise some of our debt."

Aracruz has, like other Brazilian companies, been hit by the country's low standing in the international financial community for its non-payment of debt, limiting sources of external financing and forcing companies to find more imaginative avenues.

Mr Molchansky said that of Aracruz's total $727m debt, $222m is short-term which the company would like to convert to longer-term borrowing or amortise through equity swaps. Salomon Brothers of the US will act as underwriter to the issue. He added that Aracruz will be ready to trade its stock internationally by December.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday April 25 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Apr 24 Index No.	Tue Apr 23 Index No.	Mon Apr 22 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (187)	842.48	-0.6	11.30	5.75	10.85	11.55	847.17	854.08	854.08	827.73
2 Building Materials (24)	1081.05	+0.6	10.82	5.74	11.35	8.18	1074.34	1078.47	1091.10	1011.04
3 Contracting, Construction (31)	1338.47	-0.6	10.63	5.97	12.17	21.06	1346.10	1369.89	1375.52	1332.55
4 Electricals (10)	2322.55	-0.7	11.32	5.76	11.25	40.46	2339.41	2364.94	2365.83	2364.06
5 Electronics (26)	1801.73	-0.3	8.67	4.95	15.36	3.31	1806.69	1812.24	1799.12	1738.58
6 Engineering-Aerospace (8)	447.09	-1.0	15.63	5.60	7.70	8.86	451.39	455.19	451.52	448.31
7 Engineering-General (47)	450.55	-1.0	12.45	5.83	9.68	7.96	455.22	459.01	458.57	454.62
8 Metals and Metal Forming (8)	467.24	-1.0	19.52	7.39	6.32	0.59	472.14	478.04	483.48	465.38
9 Motors (13)	340.36	-2.0	12.58	7.02	9.39	9.45	347.21	349.82	349.09	339.19
10 Other Industrial Materials (20)	1498.28	-0.8	9.41	5.42	12.53	28.99	1510.53	1524.16	1514.50	1508.13
21 CONSUMER GROUP (185)	1445.80	-0.2	8.40	3.69	14.65	11.93	1449.17	1456.44	1452.78	1166.03
22 Brewers and Distillers (22)	1770.61	-0.1	9.08	3.66	13.57	14.86	1772.33	1777.72	1775.35	1383.63
25 Food Manufacturing (20)	1185.37	......	9.50	4.11	13.00	15.95	1184.93	1195.28	1195.10	1014.65
26 Food Retailing (16)	2706.80	+0.4	8.13	2.89	16.08	14.42	2695.73	2717.49	2712.50	2194.41
27 Health and Household (21)	3217.71	-0.6	5.95	2.63	19.17	20.72	3235.55	3228.90	3231.92	2420.98
29 Hotels and Leisure (22)	1343.26	-0.1	10.18	5.14	11.60	16.64	1344.90	1357.63	1346.15	1286.34
30 Media (24)	1448.55	-0.5	9.65	4.75	13.00	17.84	1456.52	1482.14	1481.01	0.00
31 Packaging, Paper & Printing (16)	666.20	-0.9	8.32	4.95	15.02	11.00	672.04	673.15	670.02	547.75
34 Stores (34)	918.66	-0.4	9.10	3.94	14.23	2.37	921.95	927.92	917.76	703.49
35 Textiles (11)	528.55	......	10.07	6.10	12.51	3.08	528.69	524.35	529.12	461.30
40 OTHER GROUPS (108)	1203.54	-0.2	9.99	5.02	12.26	9.64	1205.60	1208.87	1202.78	1074.42
41 Business Services (13)	1192.84	-0.4	11.26	5.00	10.87	8.36	1197.15	1204.88	1191.85	0.00
42 Chemicals (21)	1267.85	+0.1	9.19	5.64	12.49	23.86	1266.57	1274.54	1272.17	1155.60
43 Conglomerates (10)	1538.97	-0.3	10.89	6.68	10.97	12.84	1544.04	1552.70	1532.30	1523.94
44 Transport (14)	2153.53	-0.7	11.44	4.80	10.80	25.52	2168.17	2176.61	2163.05	2129.03
45 Electricity (14)	1174.37	-0.1	11.80	5.68	10.61	0.00	1175.78	1180.43	1169.72	0.00
46 Telephone Networks (4)	1446.25	+0.4	9.19	3.45	14.16	0.00	1440.64	1432.52	1426.94	1033.71
47 Water (10)	2373.85	-1.4	14.28	5.90	7.82	39.69	2406.66	2420.85	2433.73	1855.71
48 Miscellaneous (22)	1852.06	-0.4	6.51	5.04	19.51	21.39	1860.13	1875.56	1872.84	1717.16
49 INDUSTRIAL GROUP (481)	1224.00	-0.3	9.50	4.53	12.93	11.34	1227.41	1233.44	1229.97	1066.73
51 Oil & Gas (19)	2450.68	-0.2	10.28	5.44	12.68	40.03	2455.94	2479.27	2449.95	2168.43
59 500 SHARE INDEX (500)	1327.22	-0.3	9.60	4.65	12.89	13.58	1330.80	1338.16	1332.78	1158.65
61 FINANCIAL GROUP (97)	814.31	-0.4	-	5.80	-	17.25	817.99	824.37	819.06	751.20
62 Banks (9)	909.92	-0.5	8.15	6.04	17.73	21.93	914.45	922.53	918.18	771.41
65 Insurance (Life) (7)	1485.31	-0.1	-	5.57	-	41.64	1486.85	1514.79	1490.40	1273.53
66 Insurance (Composite) (6)	672.13	-0.5	-	6.53	-	20.23	675.24	682.47	676.83	640.93
67 Insurance (Brokers) (8)	1137.36	-1.5	6.95	5.91	18.72	20.10	1154.31	1170.95	1173.47	1044.76
68 Merchant Banks (7)	423.36	-0.1	-	4.78	-	4.47	423.97	421.40	427.25	414.92
69 Property (40)	1006.21	-0.4	6.36	4.69	21.64	4.21	1010.71	1007.59	998.60	1099.93
70 Other Financial (20)	291.28	-0.2	9.44	6.20	13.04	4.41	291.94	292.08	290.91	298.48
71 Investment Trusts (69)	1205.50	+0.2	-	3.41	-	10.94	1202.98	1204.65	1202.18	1138.84
99 ALL-SHARE INDEX (666)	1202.36	-0.3	-	4.78	-	14.09	1205.74	1212.65	1207.44	1060.85

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 24	Apr 23	Apr 22	Apr 19	Apr 18	Year ago
FT-SE 100 SHARE INDEX♦	2482.1	-6.5	2494.9	2480.1	2488.6	2503.8	2490.8	2520.1	2538.4	2133.6

FIXED INTEREST

PRICE INDICES	Thu Apr 25	Day's change %	Wed Apr 24	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (28)	120.83	+0.12	120.69	1.80	3.79
2 5-15 years (30)	130.83	+0.24	130.52	1.36	5.15
3 Over 15 years (8)	139.62	+0.38	139.09	2.05	4.05
4 Irredeemables (6)	151.25	+0.39	155.25	-0.23	6.11
5 All stocks (72)	130.04	+0.21	129.80	1.57	4.66
Index-Linked					
6 Up to 5 years (1)	158.10	....	158.09	-0.18	2.72
7 Over 5 years (10)	146.91	+0.07	146.80	0.60	1.52
8 All stocks (11)	147.78	+0.07	147.67	0.58	1.56
9 Debs & Loans (54)	110.33	+0.03	110.29	2.74	2.65

AVERAGE GROSS REDEMPTION YIELDS		Thu Apr 25	Wed Apr 24	Year ago (approx.)
British Government				
1 Low	5 years	[illegible]	9.21	12.09
2 Coupons	15 years	[illegible]	9.64	11.86
3 (0%-7¾%)	20 years	9.71	9.76	11.79
4 Medium	5 years	10.26	10.30	13.41
5 Coupons	15 years	10.03	10.07	12.38
6 (8%-10¾%)	20 years	9.97	10.01	12.10
7 High	5 years	10.40	10.44	13.52
8 Coupons	15 years	10.22	10.25	12.69
9 (11%-)	20 years	10.15	10.19	12.42
10 Irredeemables		9.99	10.02	11.69
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.79	3.78	4.88
12 Inflation rate 5%	Over 5 yrs.	4.11	4.12	4.28
13 Inflation rate 10%	Up to 5 yrs.	2.90	[illegible]	3.85
14 Inflation rate 10%	Over 5 yrs.	3.92	3.92	4.09
15 Debs &	5 years	11.87	11.87	16.51
16 Loans	15 years	11.64	11.64	14.48
17	25 years	11.43	11.43	13.73

♦Opening index 2492.8; 9 am 2490.5; 10 am 2493.3; 11 am 2488.0; Noon 2487.2; 1 pm 2487.2; 2 pm 2488.8; 2.30 pm 2488.4; 3 pm 2484.2; 4.10 pm 2480.7; (a) 9.38am (b) 3.41pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of [illegible] is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323. CONSTITUENT CHANGES: ADDITION: Airtours (29); DELETION: Century Oils (51).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	73	0	11
Corporations, Dominion and Foreign Bonds	5	1	[illegible]
Industrials	252	349	[illegible]
Financial and Properties	123	112	[illegible]
Oils	19	21	[illegible]
Plantations	0	0	10
Mines	[illegible]	17	100
Others	56	56	[illegible]
Totals	573	556	1,682

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
100	F.P.	-	102	100¾	Hanson 9½pc Cv. Bd.	101½	-¼
100p	F.P.	-	103p	80p	Lilleshall 9pc Cv. Rd. Prf. £1	102p	
100	F.P.	-	103¾	98¾	RMC Capital 8¾pc Cnv. Bds. 2006	98¾	-¼
100	F.P.	-	[illegible]	99	Tarmac 9½pc Cnv. Cap. Bds. 2006	100	[illegible]

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+ or -	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LONDON TRADED OPTIONS

Option	Calls			Puts		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRADITIONAL OPTIONS

● First Dealings Apr. 22
● Last Dealings May 3
● Last Declarations July 25
● For settlement Aug. 5

For rate indications see end of [illegible]

Calls: Fisher (A.), Aviva, Bellwinch, Control Sec., Oliver Res., Premier, Stakis, Waterford Wedgwood Puts: AB Elect., Hillsdown, Stakis.

UK COMPANY NEWS

Whitbread Investment may hold key to brewery battle

By Roland Rudd

DEVENISH, the West Country brewer which is fighting off a takeover bid from Boddington, the pubs, hotels and health-care group, was yesterday warned by the Whitbread Investment Company not to expect its automatic support.

WIC, an investment trust 49.9 per cent-owned by Whitbread, could decide the outcome of the battle because of its holdings in both companies. It has a 15.3 per cent stake in Devenish and a 21.9 per cent stake in Boddington.

Devenish said it was hopeful of WIC's support since the investment trust's policy, as outlined in the 1989 Monopolies and Mergers Commission report into the supply of beer, was to support the boards in which it has investments.

However, WIC, while not wishing to comment directly [illegible] the bid, [illegible] it was [illegible] policy to automatically offer support.

It pointed out that when Mr Robin Farrington became its chairman three years ago he issued a statement outlining the trust's [illegible] which would guide its policy in the present takeover battle.

Mr Farrington said while WIC did not normally interfere with the management of companies in which [illegible] had investments, it would judge each situation on its merits.

He added: "It may be that on occasions a management team from outside is thought likely to provide the best prospects for the longer term development of [illegible] company. If that is seen to be the case then the WIC would be prepared to endorse that option.

"The same would apply if a company receives an offer which in our opinion, and that [illegible] our [illegible], more than fully reflects the company's long-term value." Analysts interpreted the statement as a significant change of policy from WIC's past strategy of siding with the boards of companies in which it invested.

Following the MMC report, the government is forcing all brewers owning more than 2,000 pubs to release the tie on half of those outlets in excess of that number by December 1992.

If a brewer has a 15 per cent holding in a rival then those pubs are also included in the total, complicating Whitbread's situation.

It owns some 17 per cent of Boddington – 5.9 per cent outright, and another 11 per cent through WIC.

However, if Boddington's bid was [illegible], Whitbread's holding in the new company would be reduced to about 12.5 per cent, thereby eliminating the need to sell any pubs.

Redoute scents victory after first Empire closing date

By Maggie Urry

REDOUTE CATALOGUE, the French mail order retailer, had virtually won control of Empire Stores Group by the first closing date of its 125p per share bid on Wednesday.

The offer values Empire at £49m.

Redoute, part of the La Redoute retail group, owned or had valid acceptances from 47.9 per cent of Empire's share capital and was waiting for "valid cover" on another 4.7 per cent of the group, [illegible] would take it to 52.6 per cent.

The remaining 4.7 per cent includes 4.4 per cent which Redoute acquired on Wednesday, including the purchase of one large institution's holding.

Redoute is likely to declare the bid unconditional when it receives the further valid acceptances, but could wait until the next closing date on May 8.

Gecos, the Italian food retail group, has yet to decide which way to take its 24.2 per cent holding in Empire. It could remain as a minority shareholder in Empire. Redoute cannot make a better offer to Gecos than it has to other shareholders. Gecos has said it would clarify its position by May 1.

Empire shares remained at 126p yesterday, just above the offer price.

The European Commission said yesterday that the merger was "compatible with the common market". Approval from the competition authorities in Brussels had been expected.

Kalamazoo faces change

By Nigel Clark

KALAMAZOO, the [illegible] stationery and business forms company, is considering moves which [illegible] end its [illegible] by the Kalamazoo Workers' Alliance. They have been given a cautious welcome by the KWA trustees.

Mr Kenneth Dibben, chairman, said that the board and trustees had been having discussions concerning the possibility of issuing shares for acquisitions or to raise funds.

He added that the main concern of the trustees, who control 51.5 per cent at the moment, was that the company could be taken over and the payment of dividends discontinued despite making profits.

"We have been looking [illegible] some of form of entrenched dividend rights," he said. He was hopeful that agreement could be reached within two or three months.

Mr Dibben believed that if the company had been able to issue [illegible] earlier it [illegible] unlikely that it would have paid cash for recent acquisitions, which had left it with high borrowings during the downturn.

Kalamazoo also announced the return to interim dividends with a 0.5p payment, [illegible] first since 1988.

For [illegible] six months to the end of January pre-tax profits were £1.03m [illegible] £1.29m.

Mr Dibben said that taking the recession into account, and the fact that most of the profits were earned in the second half, he expected full-year profits of not less than £3m, compared with £1.3m.

Turnover fell to £28.35m, against £31.52m of which £3.7m was from discontinued [illegible]. Earnings per [illegible] were 1.8p (nil).

KWA has held a controlling stake for about 25 years. Its holding began at 30 per cent and it was intended by the original owners that this would eventually rise to 100 per cent through purchases.

However on the death of the [illegible]mpany founder involved, KWA was not legally allowed to make further purchases.

Mr Dibben said it was unfortunate that the holding at this point had been 51.5 per cent. "If it had been 30 per cent or 80 per cent we would not be in this difficulty," he said.

Majedie net asset value rises to 341p

At March 31 the net asset value of Majedie Investments, an investment trust, stood at 341p, 60p higher than the 281p reported at September 30.

Net revenue for the six months totalled £1.19m (£1.09m) and earnings were 4.51p (4.15p) per share.

The interim dividend is unchanged at 2.5p.

Net asset value up to 461p at Keystone

The net asset value per share of Keystone Investment Company stood at [illegible] at the half-year ended March 31 1991.

This is compared with 450p a year earlier and 382.01p at the September 30 year-end.

Earnings per share came out at 6.12p (7.15p) and the interim dividend is unchanged at 4p.

MJ Gleeson buoyed by rents and interest

MJ Gleeson Group, the Surrey-based construction and civil engineering company, bucked the gloomy sector trend by announcing a near-10 per cent increase in interim profits.

The improvement – from £4.59m to £5.05m – for the six months to end-December came despite what directors described as "continuing pressure on margins in UK contracting and the severely depressed market for housebuilders." Turnover expanded to £104.08m (£78m).

The group was cushioned to a certain extent by its expanding rental income, up from £1.44m to £1.69m, reflecting satisfactory first lettings and rent reviews. Trading profit of £3.36m (£3.15m) included interest receivable of £1.33m (£164,000).

The interim dividend is raised to 3.12p (2.83p), payable from earnings per share of 32.28p (29.42p).

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

[illegible]	Provisional Price for Trading: Pool purchase price £/MWh	Final Prices for Trading: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.16	16.69	16.69
0100	16.10	24.48	25.66
0130	16.26	24.46	25.62
0200	19.00	24.46	25.62
0230	23.36	24.48	25.64
0300	23.38	23.78	24.94
0330	18.24	21.16	22.28
0400	16.52	18.94	20.01
0430	16.26	18.50	19.57
0500	16.16	16.16	16.16
0530	16.10	16.03	16.03
0600	16.10	15.92	15.92
0630	16.16	15.92	15.92
0700	16.26	16.03	16.03
0730	17.13	15.97	15.97
0800	20.71	18.03	18.03
0830	23.65	17.32	18.38
0900	23.72	19.22	20.33
0930	23.62	20.41	21.56
1000	23.57	21.02	22.17
1030	21.41	21.02	22.17
1100	21.37	21.02	22.18
1130	21.39	21.24	22.40
1200	21.39	21.25	22.41
1230	21.37	[illegible]	22.39
1300	21.33	21.25	22.39
1330	20.99	[illegible]	22.41
1400	20.99	[illegible]	22.16
1430	20.86	19.72	20.85
1500	20.86	19.72	20.86
1530	20.86	16.03	[illegible]
1600	20.06	[illegible]	[illegible]
1630	20.06	[illegible]	16.03
1700	20.06	[illegible]	20.86
1730	20.06	[illegible]	22.02
1800	20.06	[illegible]	22.01
1830	19.77	[illegible]	23.40
1900	19.53	[illegible]	23.59
1930	19.53	[illegible]	23.53
2000	18.56	[illegible]	23.53
2030	17.04	[illegible]	23.54
2100	19.53	[illegible]	23.66
2130	18.53	[illegible]	22.13
2200	19.53	[illegible]	22.12
2230	18.34	[illegible]	20.39
2300	18.02	[illegible]	20.31
2330	16.26	[illegible]	16.16
2400	16.10	[illegible]	15.92

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for determination of pool prices is made in [illegible] Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price [illegible] by purchasers of electricity under the [illegible] trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

N Brown placing as profits rise 12%

By John Thornhill

N BROWN Group, the home shopping concern, joined the [illegible] list of companies seeking funding from the stock market yesterday when it asked shareholders for a net £16.4m to finance the development of a centralised warehouse and distribution centre.

The placing and open offer, which [illegible] the [illegible] time the company has sought equity finance since 1971, is on a 1-for-8 basis at 209p per share. The issue was well received in the City and the shares closed 3p higher at 228p.

Sir David Alliance, chairman, and his family trusts, have bought an additional 1m shares in the company, taking [illegible] total holding to 65 per [illegible] and have agreed to take up their full entitlement of shares under the issue.

The balance has been conditionally placed with institutional investors by Barclays de Zoete Wedd, subject to clawback from existing shareholders.

N Brown also [illegible] forward its annual results yesterday to coincide with the rights issue. These showed that pre-tax profits had advanced by 12 per cent to £14.01m on sales of £140.17m (£126.57m).

Earnings per share rose from 13.95p to 15.67p and a final dividend of 4p is recommended for a total of 5.65p, a 7.6 per cent increase.

The proceeds of the rights issue will help offset the £20m cost of developing the company's warehouse at Shaw, near Manchester. By the end of the year N Brown had already spent £18m on the project.

Following the rights issue, the company's gearing level will fall from 119 per cent to 56 per cent, helping to reduce its interest charge, which last year amounted to £5.65m.

The company's core catalogues, targeted mainly at niche markets, were said to have contributed a satisfactory performance. During the year N Brown [illegible] launched another three catalogues including one for the disabled.

"There are 4m people from the wheelchair-bound to those with rheumatism who are classified as disabled. The high street [illegible] not look after them so we launched a catalogue for them," said Mr Jim Martin, managing director.

He [illegible] he remained unconcerned by the recent consolidation of the UK mail order industry which had seen Otto Versand, of Germany, snap up [illegible] from [illegible] and [illegible] Groupe, of France, buy Empire Stores Group. But he added that in due course N Brown would look to develop [illegible] in continental Europe.

Sir David Alliance: increased his holding in company

Bank issues writ against Raglan Prop Trust

By Vanessa Houlder, Property Correspondent

RAGLAN PROPERTY Trust yesterday announced that Security Pacific, one of its bankers, had placed its Piries Place subsidiary into receivership and issued a writ against the parent company.

The subsidiary, which is in [illegible] hands of Price Waterhouse, developed a scheme comprising a supermarket, shops and offices in Horsham, West Sussex. Although the supermarket and a number of the shops are let and trading, the development has fallen sharply in value.

The writ issued by Security Pacific on April 9 is thought to concern the £11m limited recourse loan that financed the scheme. There is a dispute about [illegible] construction cost overruns that have been guaranteed by the parent company. Raglan said it would vigorously defend the action.

Raglan said its principal bankers – Kleinwort Benson, Midland and National Westminster – had been informed about these events and had confirmed their support.

Raglan's share price fell ½p to 2½p.

Etam falls 51% to £8.5m but holds final dividend at 4.65p

By Jane Fuller

ETAM, the clothing r[illegible]er which has been approac[illegible]by the investment vehic[illegible] South African family, [illegible]red a 51 per cent fall in [illegible]tax profits in the year to [illegible]ary [illegible].

The taxable figure 8.5m (£17.5m) came after a [illegible]-half loss of £1.1m. After divi-dend cuts in the [illegible]st 12 months, the final is [illegible]ained at 4.65p, for a tota 5.85p [illegible].

The better-tha[illegible]pected news initially dr[illegible]up the share price by ab[illegible] 10p. It closed 2p ahead at [illegible].

Since the begin[illegible] of February, when Oce[illegible] Investment Corporation[illegible]e a draft proposal to obt[illegible]ore than 50 per cent of th[illegible]ares, the price has recove[illegible]from less than 100p, outp[illegible]ming the market by 43 p[illegible]ent before yesterday's rise.

Etam, which [illegible]uffed [illegible] approach, said [illegible] Takeover Panel had rule[illegible]at it was in an offer period.

Oceana, co[illegible]lled by the Lewis family, [illegible] 6.6 per cent stake.

Etam's [illegible]ure was the worst [illegible] and the dividend wa[illegible]aly 1.3 times covered by [illegible] per share of 7.51p (16.7[illegible]

Turnover [illegible]nued [illegible] grow to £206.5m (£181.2m), a 14 per cent increase; but profit before interest fell by 37 per cent to £10.5m [illegible] in [illegible] of an £870,000 benefit from a change in depreciation policy.

Although £1.3m (£1.8m) cash was held in January, debt peaked at nearly £15m and £1m interest charges replaced [illegible],000 income. Rationalisation costs of £1m were also taken above the line.

A four-year expansion programme that increased shop floorspace by 60 per cent to 860,000 sq ft and the number of outlets to about 250 was completed by the middle of the year. Mr Rodney East, chief executive, said the large amount of new space had put pressure on costs, which were also pushed up by rents, rates and wages.

Mr Keith Miles, [illegible] director, said the poll tax and high mortgage rates had hit its customers, traditionally younger women in the C1/C2 social group.

In response to the decrease in the number of 15 to 25-year-olds, the group was moving down as far as five-year-olds with its Tammy Girl range and up to 35-year-olds at its Etam shops, which account for more [illegible] 60 per cent of the business.

Of the two 1987 acquisitions, Snob was making a useful contribution from its teenage base, but Peter Brown, the menswear chain, incurred a loss.

● **COMMENT**

Pity the investor who bought shares at 319p in the July 1987 placing which raised £34m. Between then and last October's low of 60p, the [illegible] underperformed the market by 77 per cent. Over the past four years Etam has invested £78m, against depreciation of £29m, more than doubled its floor space and increased turnover by more than 80 per cent. But pre-tax profit has fallen to less than half the record £17.9m made in 1987-88. The group must, however, be given credit for dragging itself out of the first-half mire, even if a little of the gloss is put down to defen[illegible] against Oceana. This year it should benefit from cost savings, the elimination of losses and a lower inter[illegible] charge. [illegible] a modest increase in sales should have a favourable impact on the bottom line. Pre-tax profit forecasts [illegible] from £10m to £13m, giving a prospective [illegible] of between 13 and 16. That rating has as much to do with bid speculation as with [illegible] potential.

Saatchi chiefs subscribe to £5m open offer

Saatchi [illegible] Saatchi, the advertising group, yesterday formally completed [illegible] emergency recapitalisation package and announced that 240 of its senior managers had subscribed to a £5m open offer for shares, writes Alice Rawsthorn.

Late last month Saatchi concluded weeks of tense negotiations by securing shareholders' approval for the recapi[illegible]tion.

It involved a [illegible] rights issue and preference shareholders swapping their stock for ordinary shares, after which Saatchi's ordinary share capital has increased nearly tenfold to about 1.54bn shares.

The £5m management offer, which was underwritten by Mr Robert Louis-Dreyfus, chief executive, involved [illegible] 28.49m shares at 17[illegible] each.

Mr Louis-Dreyfus, who had pledged to buy at least £1m of shares in the management offer, now holds 8.79m shares.

TT lifts bid for Magnetic from £6.8m to £9.2m

TT Group, the industrial holding company, has increased its hostile bid for Magnetic Materials Group, the USM-quoted maker of magnetic components, from £6.8m to £9.2m, writes Jane Fuller.

This followed TT's purchase yesterday of a further 7.4 per cent stake at 50p per share, against the original offer price of 37p. TT now controls [illegible] per cent of its target.

MMG's share price has risen 10p [illegible] 51p since [illegible] first offer was announced on April 17.

TT said the new offer represented a historic p/e of 13.4, but MMG said the price still did not reflect the underlying value of its niche businesses, which supply long-term growth sectors – telecommunications, aerospace, automotive and instrumentation.

It also stressed its gearing of 14.4 per cent on net debt of £1.6m at the June year-end, and the net asset value of 61.8p.

Frogmore hits out at Southend Prop's gearing

By Vanessa Houlder, Property Correspondent

SOUTHEND Property Holdings, which [illegible] to become one of the largest quoted property companies in the UK through a £130m paper bid for Frogmore Estates, yesterday said that the merger would create a stronger, better balanced portfolio, [illegible] and improved liquidity [illegible] the [illegible].

Frogmore Estates hit back, however, [illegible] end's offer is [illegible] than an attempt [illegible] solve a very real gearing problem [illegible] Frogmore shareholders' expense".

In the [illegible] document, [illegible] yesterday, Southend announced a revised net asset value per share of 147p. This followed a [illegible] of its investment property portfolio which has declined 8 per cent in value to £239.4m since the end of March 1990.

Frogmore said it noted this revised figure with [illegible] surprise. "Recently reported net asset values of other property companies, particularly those concentrated in [illegible] and retail, [illegible] shown [illegible]," it said.

Mr Malcolm Dagul, chairman of Southend, [illegible] that [illegible] tively small [illegible] explained by the absence [illegible] any City [illegible] London properties [illegible] a [illegible] internal [illegible] last year.

Southend said that its gearing after revaluation was 123 per cent and £100m of its £158m borrowings were in the form of a 35-year quoted debenture at a fixed interest cost of 6.9 per cent after tax.

The merged group would have gearing of 49 per cent and would have gross assets in excess of £600m, net assets of £330m and net borrowings of £161m.

See Lex

Nthn Telecom sells STC arm

By Clare Pearson

Northern Telecom, the Canadian telephone equipment maker, has sold the electrical equipment distribution arm of STC, its recently-acquired UK subsidiary, [illegible] CDME, the French electrical [illegible] company.

Consideration [illegible] the sale, which is the result of an auction, is not being disclosed.

Mr Alain Viry, a director of CDME, said the purchase marked the company's first inroad into the UK and would give it, at a stroke, about 10 per cent of that electrical equipment wholesaling market.

There has been speculation that Northern Telecom would sell the business ever since it acquired STC in an agreed £1.9bn deal last November.

Coats cleared to bid for Tootal

By Alice Rawsthorn

THE OFF[illegible]ir Trading has clear[illegible]he way for [illegible] Viyella [illegible] £194m hostile t[illegible]ver [illegible]id for Tootal, another the UK's leading textile g[illegible]ps, [illegible] recommending that [illegible] bid should not be [illegible] the Monopolies & [illegible]mmission.

The MC [illegible]onducted [illegible] investi[illegible]on [illegible] prospective me[illegible]r between Coats and Tootal [illegible] years ago after the two c[illegible]pani[illegible] agreed terms for a [illegible]endly merger. The £395m [illegible]reed bid lapsed during the MC investigation. Coats waite[illegible] until March this year to mak[illegible] another offer, this time on a [illegible]stile basis.

The current bid was put on ice [illegible] the OFT's investigation. [illegible]oots, which is fighting fier[illegible]y against the bid, now has [illegible] d[illegible]s – until Saturday – in which to issue any new information [illegible]

Tootal plans [illegible] publish details of a profits forecast – covering profits before and after tax together with earnings per share – for the [illegible] to January 31.

It will also [illegible] "specific projects" for its core businesses intended to "improve profitability significantly" in the next financial year.

Coats, which already owns 29.4 per cent of Tootal, yesterday demanded that it produce a [illegible] sheet and [illegible] for the 1990-91 financial year. Coats also asked for further details of the £23m extraordinary restructuring costs [illegible] Tootal included in its recently released preliminary results.

Tootal, which was forced by [illegible] timing [illegible] bid [illegible] bring forward [illegible] publication of its preliminary results so [illegible] them in its defence document, said it would wait until its annual report came out at the usual time in May to produce the balance sheet and cashflow statement.

For weeks the stock market has been speculating that [illegible] would make a [illegible] offer after Tootal has issued its profits forecast.

Tootal's shares, which rose above Coats' original offer of 65p cash shortly after the bid in anticipation of a second offer, were unchanged at 76p yesterday. Coats' shares also ended the [illegible] unchanged at 140p.

UK COMPANY NEWS

Japanese group pays £7m for Pilkington offshoot

By Michiyo Nakamoto

PILKINGTON, [illegible] UK glassmaker, is selling Pilkington Reinforcements, a wholly-owned subsidiary, to Nippon Sheet Glass Group of Japan for a cash consideration of £7.4m.

The disposal takes Pilkington a step forward in its reorganisation strategy that was outlined at the end of last year after the group saw pre-tax profits fall 30 per cent in the six months to September to £103.2m.

Also at the end of last year Pilkington again became the subject of takeover rumours as BTR, which had bid for the company back in 1986, raised its stake from 3.75 per cent to 4.04 per cent.

Mr Andrew Robb, finance director of Pilkington, stressed that the disposals were motivated purely by strategic considerations and were not related to any bid speculation.

However, after the disappointing results, and after BTR had increased its stake, Sir Antony Pilkington, chairman, admitted that the group needed to consider divesting itself of non-core businesses and eliminating loss-making operations in order to focus more closely on its major flat and safety glass activities.

Since the beginning of this year the group has already sold two companies in the insulation business, closed its sheet glass plant in New Zealand and its Australian high rise curtain walling business.

It also sold part of its 6.8 per cent shareholding in Taiwan Glass Industry Corporation to Nippon Sheet Glass and is in the process of selling a 50 per cent stake of Pilkington Optronics to Thomson CSF, the French defence electronics group.

Trevor Humphries

Sir Antony Pilkington: considering divestment

Pilkington Reinforcements, which processes glass fibre filaments and yarns into reinforcement cords for use mainly in vehicle engines and industrial machinery, did make a profit last year and the sale price to Nippon Sheet Glass is at a premium to net asset value. But it is not central to Pilkington's operations, particularly as Pilkington does not make the raw material fibre that goes into the reinforcement cords, it said.

Nippon Sheet Glass, which makes flat and safety glass, mainly for the Japanese market, is involved in the reinforcement business through its Nippon Glass Fiber subsidiary.

The Japanese group has been increasing its exposure to international markets. Apart from acquiring part of Pilkington's stake in Taiwan Glass Industry Corporation, last year it bought a 20 per cent stake in Libbey-Owens-Ford, Pilkington's US subsidiary, where it is represented on the board.

It also has a joint interest with Pilkington in a company in Taiwan that makes glass for the auto industry and a Korean glass company.

Securities Trust of Scotland ahead

Securities Trust of Scotland, investment trust, reported net asset value per share – taking prior charges at par – of 73.4p at March 31. This represented an advance of 5 per cent on the 69.8p of 12 months earlier.

Net revenue for the year amounted to £10.01m (£9.39m) for earnings of 3.1p (2.9p) per share. A proposed final dividend of 2.08p brings the total to 3.1p (2.82p).

Cash call at Pressac to fund US expansion

By David Owen

PRESSAC HOLDINGS, the circuit board, electronic and electro-mechanical component maker, is jumping on the rights issue bandwagon and raising £5.7m net, principally [illegible] fund US expansion.

The group intends to spend £5m on upgrading its Alabama circuit board assembly factory. The new plant is expected to be installed by March 1992.

The offer, of up to 8.16m new shares, will be on a 1-for-2 basis at 75p apiece. The shares, which fell 12p before the announcement, closed down 9p yesterday at 89p.

Mr Geoff White, chief executive, said that the proposed investment would enhance Pressac's position as a supplier of flexible printed circuits to the automotive industry. Net reduction of group debt of approximately £6m would be between £600,000 and £700,000.

A month [illegible], Pressac reported a slight [illegible] in interim profits to £1.15m [illegible].

At the time Mr Roger Boissier, chairman, said that the US recession was "particularly affecting" the automotive industry but argued that it would be "short-sighted [illegible] delay an investment programme because of the present economic decline".

The issue has been underwritten by Baring Brothers with Rowe & Pitman acting as brokers. All the company's directors are to take up their entitlements in full except for Mr Jeffrey Cullis who is to sell sufficient rights nil paid to enable him to subscribe for the balance of his entitlement.

UK COMPANY NEWS

Lovell £30m rights to reduce debt

By Clare Pearson

YJ LOVELL (Holdings), the housing and construction company, yesterday announced a £30m rights issue and warned that it would have to make substantial extra provisions against developments in this year's accounts.

The dual announcement sent the shares into a sharp decline to close 33p down at 145p. The 2-for-5 rights issue of 23.77m shares is pitched at 130p.

Mr Antony Hichens, [illegible] man, said: "We should have had a rights issue before the recession but we didn't. This is to make sure we don't come out of the recession overgeared."

The company estimated it would have to make extra provisions of between £15m and £18m, before tax relief, for its urban renewal division.

This comes after a £16.5m provision made when it decided to close the business in July last year.

Mr Hichens said since publication of results for the year to end-September the market served by the urban renewal division had deteriorated further.

There was also a need to set more money aside for the commercial development and residential operations. In total, the company said it expected to make provisions of at least £22.5m in the current year accounts.

Mr Hichens said that, without the rights issue and taking into account the extra provisions, gearing would have risen to at least 108 per cent. With the issue proceeds, it would fall to just below 50 per cent. At the end of last month, indebtedness totalled £74.7m while the company had £3m cash.

On current trading, he said half-year results would "fully reflect" the impact of poor trading conditions. But, helped by the [illegible] disposal of an interest in an industrial estate, which produced £15.6m, Lovell would show a modest pre-tax profit. It intended to pay maintained interim and final dividends of 2.2p and 6.75p respectively.

Antony Hichens: should have launched issue before

For the year to end-September, Lovell reported a 32 per cent fall in pre-tax profits to £19.9m after taking most of the provision for the urban renewal business as an extraordinary item. It dipped into reserves to pay the dividend.

The rights issue document gives details of the remuneration agreed with Mr Robert Se[illegible]lier, the former group managing director at Wimpey who this month takes over as Lovell's chief executive.

Under a three-year service agreement, he is to receive annual salary initially set at £200,000 and, at the discretion of the board, an annual bonus of up to 50 per cent of salary linked to profit targets. He may apply for options over 400,000 shares.

[illegible]yan Hotels [illegible]eks [illegible] help fund [illegible]erman buy

[illegible] Michiyo Nakamoto

[illegible]YAN HOTELS yesterday announced a 4-for-17 rights issue to help fund the acquisition of the Carat Hotel, Hamburg, which it has agreed to pay for DM16.[illegible] (£5.5m) cash.

The Dublin-based group aims to raise about I£4.84m (£4.36m) [illegible] through the issue of 13.9m new ordinary shares at 40p each, compared with a closing price of 42p sterling yesterday.

It also announced a rise in pre-tax profits from I£2.75m to I£2.82m for the year to October 31, but warned that it expected a loss in the current half as tourist activity failed to recover after the Gulf war.

Turnover fell to I£19.24m (I£21.17m). Interest charges rose to I£863,000 (I£775,000). Earnings per share fell to I£4.48p (I£4.57p). The final dividend is maintained at 1.25p, making an unchanged total of 1.75p.

Borrowings will make up the balance of the purchase price. These represent 30 per cent of shareholders' funds.

The acquisition follows the group's strategy of buying hotels with year-round corporate business. It brings the number of its hotels on the Continent to three, and the profit contribution to 35 per cent.

In March the company sold 65 per cent of the equity of Blooms Restaurant, which owns, among others, Blooms Hotel in Dublin, to former executives for I£4.25m.

The consideration represents the net asset value of the hotels, which contributed a trading profit of I£447,000 to last year's results.

Ryan still holds 1.63m redeemable cumulative preference shares and has an option to sell the remaining stake for at least I£1.75m.

Acorn Computer falls 38% to £1.58m

By Alan Cane

CONFUSION OVER new legislation concerning school management and uncertainty over the effects of the community charge have combined to take the shine off 1990 results at Acorn Computer.

Turnover at £45.5m was marginally up on the £44.9m recorded the previous year, while pre-tax profits fell from £2.53m in 1989 to £1.58m in 1990, a fall of 38 per cent. Earnings per ordinary share declined to 2.4p (3.8p).

Acorn, based in Cambridge and in which Olivetti of Italy has a majority shareholding, is a main supplier of school computers, reckoning to have at least one of its machines in 85 per cent of junior and secondary schools.

Purchasing patterns in schools [illegible] changed as a result of the introduction of local management, and uncertainties [illegible] level of funds [illegible] of the introduction [illegible] the community charge have slowed spending in what is usually an unspectacular but reliable sector.

Acorn's operating profits last year rose to £2m compared with [illegible] in 1989. How[illegible] the company sold intellectual property rights [illegible] its [illegible] reduced instruction set processor chips for £1.5m to a new company [illegible]lished between Acorn, [illegible] Computer and LSI Logic of the US. In 1990 the company also made provision of £900,000 against bad debts due from a customer, resulting in a ne[illegible]ptional profit of [illegible].

For the 1989 year the company [illegible]ded an exceptional profit of £1.2m thro[illegible] selling an option on sales and m[illegible]ting rights to a particular product to [illegible]etti.

Interest charges [illegible] fo[illegible]5,000 in 1990 compared with previous [illegible]me of £9,000 reflecting increases in wo[illegible] capital as the recession in the latter of the year began to have an effect.

The directors said that 53 per[illegible]t of all computers delivered to UK sch[illegible] in 1990 were Acorn, with the new BB[illegible]000 and Archimedes machines outsell[illegible] the earlier technology Master series two to one.

NEWS DIGEST

Fractional decline at Liberty

IN SPITE of a [illegible] in interest charges from £475,000 to £1.23m, Liberty, the retailer and [illegible] of upmarket goods, reported pre-tax profits of £7.23m in the year to February 2 1991.

That represented only a marginal decline from £7.4m in the year to January 27 1990, and was the second-highest profit reported in its [illegible]-year history.

Turnover increased by some [illegible] per cent from £85.2m to £92.5m. Tax took £2.8m (£3.1m) and minorities £137,000 (£89,000), after which earnings per share came out at 26.13p (26.32p).

A final dividend of 5.2p is proposed, making a total for the year of 6.9p (5.95p).

Mr Harry Weblin, chairman, said [illegible] although [illegible] market had been extremely [illegible]ficult, trading profit from retailing activities had improved from £1.76m [illegible].

The converting and wholesaling division had concentrated on exports, he said, but the adverse affect of currency fluctuations put pressure on margins, and trading profits here fell to £4.47m (£4.64m).

Fabric printing in France showed substantial improvements in both sales and profitability, and there was a con[illegible]ing demand for printing [illegible] dying. Property rents [illegible] £937,000 (£821,000).

Net [illegible] values fall at Exmoor Dual IT

Exmoor Dual Investment Trust reported net asset value per income share of 60.7p at February 28, against 61.1p a year earlier. Nav of [illegible] ordinary shares [illegible] 74.2p, compared with 78.4p.

Net profits rose to £500,000 (£435,000) in the half-year to February 28, leaving earnings per income share at 5.67p (4.93p) and per ordinary share at 1p (0.87p). The second interim dividend per income share is 2.6p (2.35p).

Brixton Estate nears £24m

Profits before tax of Brixton Estat[illegible], the property in[illegible]ment group, rose from £20.48m to [illegible] for 1990. Net rental income expanded by £7.61m [illegible] £43.32m.

After tax of £5.8m (£4.86m) earnings emerged at 10.79p (9.45p) per share. A final dividend [illegible] 4.55p makes a 7.1p (6.1p) total.

At the year-e[illegible] net asset value per share [illegible] down 11.8 per cent at 246[illegible] [illegible]earing was 66 per cent co[illegible]ed with 51 per cent at the [illegible] of 1989.

Scot Mor[illegible]ge & Trust lift[illegible]sets 5%

Scottish Mort[illegible] & Trust, the investment t[illegible] managed by Baillie Giffor[illegible] [illegible]nveiled a net asset value [illegible]2.3p at March 31. That [illegible] 5.2 per cent higher tha[illegible] 168.8p last time.

A final d[illegible]end of 2.45p has been reco[illegible]nded, to make 3.7p (3.35p) [illegible] the year.

Earning[illegible]vanced to 4.48p (3.94p) pe[illegible]are and profits after tax [illegible]unted to £15.94m (£14.22m).

During[illegible]e year the company bo[illegible] £18m-worth of UK equities [illegible] sold £41m of US ones. It [illegible]as to start its own PEP sch[illegible].

AGM told of acceptable first quarter at BZW

By David Barchard

BZW, the securities and investment banking arm of Barclays Bank, made an acceptable profit in the first quarter of the year, Sir John Quinton, group chairman of Barclays Group, told the annual meeting yesterday.

Trading conditions were no better than in the equivalent period of 1990, Sir John said.

A considerable number of redundancies had been made at BZW, and the number of executives had been reduced from 55 to 28 over the past four years.

Only between 1 and 1.5 per cent of Barclay's lending was not good, which, Sir John claimed, was satisfactory in a time of deep recession.

A shareholder who criticised the appointment of Mr Nigel Lawson, the former Chancellor of the Exchequer, as a director of Barclays was told that Mr Lawson had been immensely useful and had more [illegible] earned his [illegible]

Plastiseal downturn

In common with many companies with links in the construction sector, Plastiseal suffered a decline in profits – from £1.28m to [illegible] pre-tax in the year to January 31.

Turnover rose to £18.03m (£16.89m) [illegible] this uPVC, aluminium and wood windows and doors maker. The final dividend is 1.5p, making 3p [illegible]

DIVIDENDS ANNO[illegible]CED

Brixton Estate ......fin	[illegible]	-	3.9	7.1	6.1
Brown (N) Invs ......fin	[illegible]	July 31	.675	5.65	5.25
Elam ......fin	[illegible]	July 5	[illegible]	[illegible]	6.6
[illegible] Dual ......int	[illegible]	June [illegible]	2.35	-	9.6
Five Oaks Invs ......int	nil	-	0.6	-	1
Folkes Group ......fin	1.75	July 1	[illegible]	2.3	2.05
[illegible] ......int	3.12	June 2[illegible]	2.83	-	10.77
Jones Group ......fin	[illegible]	-	8	12	[illegible]
Kalamazoo ......int	0.5	May 3	nil	-	1
Liberty ......fin	5.2	May [illegible]	4.55	[illegible]	5.95
Majedie Invs ......[illegible]	2.5	[illegible]	2.5	-	3.5
Plastiseal [illegible] ......[illegible]	1.5	July	3	3	3
Ryan Hotels ......fin	1.25‡†	-	1.25	1.75	1.75
Scot Metro Prop ......int	2.53	[illegible]	2.53	-	6.75
Scot Mort & Tst ......fin	2.45	July	2.25	3.7	[illegible]
[illegible] Tst [illegible] ......fin	2.08	Jul[illegible]	[illegible]	3.1	2.82

*Equivalent after allowing for scrip [illegible]. †On capital increased by rights and/or acquisition issues. §US[illegible]ock. ‡Irish pence. ☆Income shares.

BOARD M[illegible]TINGS

TODAY

Interims- British Assets Tst, Dean & Bowes, [illegible] Capital Tst, National Home Loans, New Frontiers Dev Tst, Rand Mines Props, TR Far East Inc Tst.

Finals- Bletchley Motor, Claytons Props, Clayton, Downiebrae, Expedier, Slingsby (HC), Usborne, Walker (JC).

FUTURE DATES

Interims-	
Domino Printing Sciences	July [illegible]
[illegible]	[illegible]
[illegible] & Lyle	May 8
[illegible]	May 8
[illegible]	
[illegible] Consultancy	Apr. 30
[illegible]	May 2
[illegible]	June 12
[illegible]	Apr. 30
[illegible] Stores	Apr. [illegible]
[illegible]	May [illegible]
Whitbread	[illegible]
Whitbread Inv	[illegible]

COMMODITIES AND AGRICULTURE

Middle East selling drives gold to a nine-month low

By Kenneth Gooding, Mining Correspondent

A NERVOUS shudder went through the gold market yesterday as selling from the same Middle East [illegible] which caused havoc in three raids on the market last year drove down the price in London to the [illegible] level for nine months.

Traders said the National Commercial Bank of Jeddah sold gold on behalf of clients in Saudi Arabia and elsewhere in the Middle East just ahead of the morning price-fixing session in London.

The resulting nervousness caused the "fix" to last longer [illegible] usual – 50 minutes – and the gold price dropped to US$353 (£208.5) a troy ounce. It recovered later because there was no follow-up selling in New York and closed at $353.50, down $2.40.

While the damage [illegible] yesterday by the Saudi selling was relatively light, Mr Andy Smith, analyst at Union Bank of Switzerland, said: "If it was the same Middle East source selling yesterday, the longer-term implications are serious for the market. It will have an impact on investors who will be less willing to get back into the market. It might also influence producers who now might not be so willing to let the gold price rise before selling forward."

At the morning "fix" on March 26 last year the [illegible] Commercial Bank of Jeddah sold at least 50 tonnes, and possibly 100 tonnes, of gold and the price plunged by $20 an ounce.

After the Saudis struck twice more, Mr Robert Guy, a director of N. M. Rothschild and Sons, said the gold market had been damaged and that "wittingly or unwittingly, the marketplace has been abused".

The bank's London office declined yesterday to comment on whether it had been selling gold or was involved in an earlier sale of sterling – £500m for dollars – which sent the pound reeling and was attributed by currency dealers to Middle East sources.

Mr Smith said he had begun to believe the gold price would move up again but yesterday's events meant he would stick to his fo[illegible] that the metal would average $345 an ounce during the next few months.

Analysts su[illegible]sted it was unlikely that gold was being sold to meet the costs of the Gulf war. "The Middle East is more likely to use gold as collateral for loans than to sell it to raise capital," said one.

Malaysian tin prices highest for 19 weeks

By Lim Siong Hoon in Kuala Lumpur

TIN PRICES signalled a recovery in the Kuala Lumpur Tin Market yesterday to close at M$15.45 (£3.28) a kilogram, up by [illegible] Malaysian cents from the previous day.

Yesterday's closing spot price, from a turnover of 87 tonnes, is the hi[illegible] reached in the [illegible] 19 [illegible] when prices [illegible] mostly [illegible] M$15 a kilogram.

On the London M[illegible] Exchange, cash tin advanced by $227.50 (£134.8) to $5,915 a tonne at the close yesterday after rising by $137.50 a tonne on Wednesday.

The market's rally, which has been evident through the week, offers hope of relief to Malaysian companies where annual results released in recent days have reflected the widespread industrial gloom and the numerous announcements to move away from mining.

Malaysia Mining Corporation, the largest which annually produces 11,000 tonnes, slightly over a third of national production, reported its first-ever operating losses in its tin operations last year.

Another company, Gopeng, [illegible] production of 1[illegible] tonnes, reported that average metal prices last year fell by 29 per cent to M$16,467 a tonne, or M$16.47 a kilogram.

Statistics, available to the end of last year, indicate that Malaysian stocks have fallen by a third to about 14,000 tonnes, compared with more than 17,000 tonnes currently held in the London Metal Exchange.

If the market rally contin[illegible], the Association of Tin Producing [illegible] again defer Thailand's proposal to impose further export cuts when it meets in June. The proposal was rejected during [illegible] meeting held early last month.

Aluminium contract plan attacked

By Stefan Wagstyl in Tokyo

[illegible]MOVE to introduce a new [illegible]n-market pricing contract [illegible] scrap aluminium trading [illegible] met opposition from scrap [illegible] particularly in [illegible]n.

[illegible]panese companies are crit[illegible]g plans by the London [illegible] Exchange to launch a [illegible]act for trading secondary [illegible]inium, a low-purity metal [illegible] is usually produced by re[illegible]ng scrap. The new con[illegible] would be traded along[illegible]the LME's [illegible] hi[illegible]ade aluminium [illegible]

[illegible]icials, who were visiting Tokyo this week, have yet to make a decision on the plan. They are concerned about criticism from scrap processing companies in Japan and elsewhere.

Mr David King, LME chief executive, said at a press conference yesterday that the Japan Aluminium Refiners Association, a trade body, had expressed opposition at a meeting on Wednesday.

The LME has often in the past run into heavy criticism from producers when it has [illegible]ced new contracts. Pro[illegible] complain [illegible] open markets, such as the LME, create unnecessary price volatility. By contrast, metal-users like the transparency which open markets bring.

Producers have been strongest in those metal markets where they are few – notably in aluminium and nickel. Companies in these areas consistently opposed the use of LME aluminium and nickel contracts after they were launched in the late 1970s, although they have since accepted their popularity among consumers.

LME officials say the biggest support for a secondary aluminium contract is in Europe – where there is a plethora of users in different countries – followed by North America.

Opposition is strongest in Japan, not least because the buying side is dominated by the large auto companies which are able to get good terms from the processors without the need for an open-market contract.

The Japan Aluminium Refiners' Association told the LME that they feared the contract would encourage speculation and breed volatility. But Mr John Wolff, the LME chairman, said yesterday that the opportunity to hedge would protect companies against price swings.

The Japanese side was not convinced. The often cosy relations between producers and consumers in the Japanese market mean that scrap prices in Japan do not swing as wildly as in Europe and North America. Japanese processors, for the most part, would like preserve that situation.

The LME does not want to impose a new contract unilaterally on Japanese industry, not least because the Pacific region, including Japan, accounts for about one third of members' business.

But Japanese opposition alone is unlikely to block the launch. "We believe the contract would succeed without Japan but we would prefer Japan to be involved," Mr King said.

Smelters work close to capacity

By [illegible] Gooding

WES[illegible] EUROPE'S primary alum[illegible] smelters continued to wo[illegible]ose to the limits of their [illegible]acity last year, accor[illegible] to the European Alumi[illegible] Association.

Out[illegible]pped by only 0.5 per ce[illegible] the 1989 level, from 3.[illegible]tonnes to 3.56m, it reports.

The D[illegible]-based association m[illegible]rs the aluminium industri[illegible] Austria, France, German[illegible]reece, Iceland, Italy, th[illegible]therlands, [illegible] Spa[illegible]weden, Switzer[illegible] the[illegible]nd Yugoslavia.

This ye[illegible]ow aluminium prices are [illegible]ng considerable pressure [illegible]the European industry, w[illegible] is [illegible] to have the world's highest-cost smelters.

In its [illegible] Aluminium Annual Review, the Anthony Bird consultancy group suggested that Italy has the highest-cost smelters with costs of 78 cents a lb, followed by Spain and Germany at 76 cents, and France at 70 cents. In comparison, Venezuela's costs are only 47 cents a lb and those in Canada are 51 cents.

Alumix, the state-owned [illegible] producer, recently announced a rationalisation programme which will include the permanent closure in June of the 30,000-tonnes-a-year Porto Maghera smelter.

[illegible] The aluminium industry "is closer to a shortage than a glut", says Anthony Bird. "We estimate that at the end of 1991 the margin of spare capacity and the amount of excess stocks will be very similar to that seen in mid-1986 – which was of course followed soon afterwards by a period of intense shortage," its latest Aluminium Analysis says.

Aluminium prices are "[illegible]gerously low" because they make it impossible for [illegible] new smelter project to cover its operating and capital costs and to earn an acceptable profit, [illegible] says. "That would call for a price of [illegible] to 83 cents a lb at April, 1991 prices and exchange rates."

Soviet diamond loan honoured

By Kenneth Gooding

IN SPITE of the turmoil in the Soviet Union, the country has been punctilious in making loan repayments and delivering diamonds against the $5bn [illegible], five-year sales agreement signed last year with De [illegible] international rough (uncut) diamond cartel.

The Soviet Union, the world's [illegible]largest diamond producer, joined the cartel organised by De Beers, the South African mining group, last July. De Beers loaned the country US$1bn.

Mr Gary Ralfe, a De Beers director close to the Soviet [illegible], said yesterday that the [illegible] $150m of the loan had been drawn down in January, about three months later than first expected. [illegible] stockpiles, being held as collateral, had been transferred to the London offices of De Beers' Central Selling Organisation (CSO).

Speaking in London after De [illegible] published its annual report, Mr Ralfe said that [illegible] Soviet diamond mines were working normally in spite of [illegible] upheavals, possibly because they were in such a [illegible] area and because the standard of living was relatively good.

Mr Julian Ogilvie Thompson, chairman of De Beers, said he was now [illegible] that his group's diamond sales would this year match the $4.2bn achieved in 1990.

In the early part of this year the rough diamond market had been dominated by the Gulf war, which curtailed polishing activity in Israel for several weeks and reduced trading activity everywhere. But the first [illegible]hree of the CSO's monthly diamond sales were "reasonably satisfactory, which indicates the underlying confidence in the trade".

The diamond industry [illegible] well-positioned [illegible] grow, [illegible] added.

De Beers' sales contract with Botswana, the world's most important rough diamond producer in value terms, ended in December, but Mr Ogilvie-Thompson said he expected a new one would be signed in a matter of weeks. He [illegible]ted the CSO would [illegible] to sell all Botswana's diamonds in spite of the calls by some politicians for up to 20 per cent to be sold independently.

MacSharry [illegible] on CAP plan

By David Gardner in Brussels

THE European Commission's plan to reform the Common Agricultural Policy would require "additional budgetary resources", Mr Ray MacSharry, EC agriculture commissioner, said yesterday.

Last month he warned the European Parliament that there would be "serious political difficulties" unless there was "a substantial level of [illegible]tion" to farmers for [illegible] price cuts envisaged in [illegible] plan, but this is the first time Mr [illegible] has [illegible] that the new policy would be more expensive. Beyond compensating farmers, extra funds would be needed for "the greatest challenge" of wider rural development, he said.

Final details of the commission plan are due in July, but [illegible] advocates moving a large part of CAP spending from subsidised producer prices to [illegible] payments to farmers. This would be achieved through heavy price cuts, with small farmers wholly compensated and larger farmers reimbursed if [illegible] set aside land.

The extent to which big, efficient farmers are to be com[illegible] is at the centre of the de[illegible]ate, begun when details of the commission's plan leaked in January. The leaked version foresaw only partial compensation, but two other commission blueprints envisaged more generous, and even full refund [illegible] the price cuts.

Mr MacSharry told a conference on CAP reform organised by the Club de Bruxelles think-tank that the EC was raising farm spending by 30 per cent this year only to depress farm incomes, because the price support mechanism merely added to the stockpiles of food overhanging the market.

"The basic question is whether we should now provide more resources for the existing [illegible] which, [illegible] improving the position [illegible]cers, are likely to lead to [illegible] stocks, bigger exports, bigger expenditure and greater intensity of production," he said. The alternative was to pursue a new approach that would lead to less production [illegible] which could still guarantee a vibrant community agriculture.

Sri Lanka signs monazite deal

AFTER FIVE years of haggling, Sri Lanka has signed an agreement with a UN agency to exploit an estimated US$270m (£159.4m) worth of monazite deposits in the seabed off the [illegible] of the country, writes Mervyn de Silva in Colombo.

The UN Revolving Fund for National Resources Exploration produced an evaluation report as early as 1985, free of charge.

But worries about environmental damage and payment to the agency once mining began had delayed a final decision.

Optimism returns to NZ wool

By Terry H[illegible] Wellington

CAUTIOUS [illegible]timism is returning to [illegible]New Zealand wool industry [illegible]er the settling of a lo[illegible]nding debt with the Sovie[illegible]on and the return of China [illegible] buyer.

Prices rose b[illegible] cents per kilo at late A[illegible] the market ind[illegible]or [illegible] 411 – 1[illegible] the level when [illegible] and Wool Board suspended [illegible] port mechanism [illegible]ebruary. This followed A[illegible]a's [illegible] sion to end its [illegible]rt floor price system, whic[illegible]t prices on both sides of [illegible] Sea into a tailspin.

The absence of [illegible]a and the Soviet Union as [illegible]rs had seen prices fall over last 18 months. China [illegible]ually stopped buying in 1[illegible]ue to significant economi[illegible]culties at home and ove[illegible] while the Soviet U[illegible] forced to end its purch[illegible] last year due to its [illegible]ign exchange crisis.

The first [illegible] wool for 12 m[illegible] is on its way to the Soviet [illegible]on, after action to pay N[illegible]m (£6.87m) of an outsta[illegible]g NZ$50m bill, which al[illegible] completion of some NZ$1[illegible] shelved contracts. The co[illegible]tion of this deal was thr[illegible] consortium of exporters led by Christchurch firm Mircom, put [illegible]ther at the Soviets' [illegible]. The Soviets also [illegible] the formation of a group led by the ANZ Bank to issue credit lines to allow the trade to [illegible]. The Wool Board is to provide wool [illegible] its [illegible] stockpile to fill a significant part of the new orders.

The arrangemen[illegible] taken to [illegible] the urgency [illegible] Soviet government saw in renewed wool imports.

The Chinese are also showing greater interest. While they had been continuing to buy small amounts over the past year, [illegible] purchases were miniscule compared to the mid- and later-1980s when they were New Zealand's biggest customer for crossbred wools.

Mr Roger [illegible], marketing [illegible] manager of the [illegible] Wool Board, [illegible] complex political and economic developments in the Soviet Union, which had led to the resumed buying, were "something of a mystery." He said it was known that Soviet mills were desperate for wool and it must be assumed the government had placed a high priority on imports. Last year, industry leaders unsuccessfully sought export guarantee insurance from the New Zealand government in an attempt to help the trade. Mr John Falloon, the Minister of Agriculture, said his refusal then had been vindicated by the appearance of the ANZ Bank to support the sales.

The purchases to China follow visits to New Zealand [illegible] Mr Lie Huaqui, the Chinese Foreign Minister, and senior buyers, who were apparently encouraged by the lower prices. They had also resumed large-scale buying in Australia. [illegible] government sources say the Chinese are expected to buy 25,000 tonnes this year – still well down on the peak sales of 63,000 tonnes in 1988-89.

The Council of Wool Exporters has warned farmers about the jump in prices, saying it is due to a limited [illegible] of wool at this time of [illegible] is being actively [illegible]t by customers who had allowed their stocks to run down to [illegible] low levels.

It says a period of price instability should be expected at auction as the [illegible] adjusts to the free trading environment following the withdrawal of Wool Board support.

Banana exports delayed for up to six weeks

By Tim Coone, in Managua

BANANA EXPORTS from the Caribbean coast of Costa Rica and Panama will be interrupted for between two to six weeks, following the earthquake which devastated the region last Monday.

Mr Euclides Diaz, the [illegible]retary-general of the National Banana Corporation in Panama, says repairs to roads and rail links to the banana-exporting port of Almirante will take "30 to 45 days".

The port itself has not been badly damaged, but most of the road and rail bridges in the region "have been completely destroyed." Six packing plants have been badly damaged and up to 3m boxes of [illegible] may be lost as a result.

In Costa Rica, efforts are being made to divert [illegible] the Pacific Coast port of Puerto Caldera. According to the National Banana Corporation, "it will take [illegible] least 15 [illegible] before exports can be resumed through [illegible] Limon".

About 500,000 boxes a week can be trucked across the country from the least affected zones north of Puerto Limon.

WORLD COMMODITIES PRICES

MARKET REPORT

LME zinc trading was dominated by a sudden collapse in the premium for cash metal [illegible] prompted widespread liquidation [illegible] sell stops and took [illegible] price of three month metal to its [illegible] late January. Traders said that although they expected [illegible] premium over three month metal to narrow once an investment fund, prominent in [illegible] market recently, [illegible] finished rolling its short position forward, the [illegible] of the collapse took the market by surprise. The premium [illegible] cash lead [illegible] sharply after a sudden relaxation of the tightness of supplies for May deliv[illegible]. Cocoa prices were in retreat in London on trade hedge selling, possibly against purchases of Ivorian cocoa from origin, and by the liquidation of long positions on the near May contract by a French [illegible] house. New York cocoa prices were down at midday. "It's very weak technically so it didn't take a lot for it to go down," one New York dealer said. "There are no buyers and nothing to support it so nobody is going to risk jumping [illegible]" London's robusta coffee market was also retreating. "London [illegible] not very impressive. With sterling suffering a little against the dollar, one might have expected it to do a little better," one dealer said.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.55-5.60u	+.125
Brent Blend (dated)	$19.60-9.65	+.15
Brent Blend (Jun)	$19.40-9.45	+.[illegible]
W.T.I (1 pm est)	[illegible]	[illegible]
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$245-247	-2
Gas Oil	$186-187	[illegible]
Heavy Fuel Oil	$68-69	-1.5
Naphtha	$204-206	[illegible]
Petroleum Argus Estimates		
[illegible]		+ or -
Gold (per troy [illegible])	$353.55	-2.40
Silver (per troy [illegible])	[illegible]	-8.00
Platinum (per troy oz)	$366.75	[illegible]
Palladium (per troy oz)	$96.75	-2.25
Aluminium (free market)	$1350	[illegible]
Copper (US Producer)	113¼c	+¼
Lead (US Producer)	33c	
Nickel (free market)	421c	[illegible]
Tin (Kuala Lumpur market)	15.45r	+0.42
Tin (New York)	[illegible]	+9.5
Zinc (US Prime Western)	[illegible]	
Cattle (live weight)†	112.53p	-1.01*
Sheep (dead weight)†	214.65p	-1.46*
Pigs (live weight)†	92.78p	+4.20*
London daily sugar (raw)	210.0t	+7.0
London daily sugar (white)	$271.5t	+2.0
Tate and Lyle export price	£232.0	+6.0
Barley (English feed)	unq	
Maize (US No. 3 yellow)	£178.5	[illegible]
Wheat (US Dark Northern)	£97	
Rubber (Jun)♥	54.00p	+0.50
Rubber (Jul)♥	54.50p	+0.50
Rubber (KL RSS No 1 May)	227m	
Coconut oil (Philippines)§	$345.0q	+10.0
Palm Oil (Malaysian)§	$325t	
Copra (Philippines)§	$230.0x	+2.5
Soyabeans (US)	£162.5	+1.0
Cotton "A" index	83.00c	-0.55
Wooltops (64s Super)	344p	

[illegible] tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jun/Jul t-May/Jun u-Jun. x-Jul/Aug. s-Apr/Jun. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	182.20	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	175.80	180.00	179.00	174.40
Dec	178.80	182.00	178.60	178.40
Mar	[illegible]	178.20	177.40	176.20
May	177.60		178.00	177.60
Aug	180.00		180.00	
[illegible]	[illegible]	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	255.5
Oct	[illegible]	247.0	247.0	243.0
[illegible]	[illegible]	[illegible]	245.0	242.0
Mar	246.0	252.0	248.0	246.0
[illegible]	[illegible]	[illegible]	251.5	251.0

Turnover: Raw 1190 (1069) lots of 50 tonnes. White 1172 (726)
Paris- White (FFr per tonne): Aug 1560, Oct 1464.

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Jun	19.42	[illegible]	19.55	19.40
Jul	[illegible]	[illegible]	19.25	19.13
Aug	19.00	[illegible]	[illegible]	19.00
[illegible]	18.90	19.00	19.05	18.90
IPE Index	19.25	19.62		

Turnover 3569 (11291)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
May	182.50	184.00	[illegible]	182.25
Jun	176.50	177.00	[illegible]	175.60
Jul	173.50	173.50	174.50	172.75
Aug	175.25	175.75	175.75	175.00
[illegible]	177.00	177.50	177.25	176.75
[illegible]	179.25	179.75	180.00	178.60
[illegible]	179.50	[illegible]	181.00	179.00
[illegible]	180.00	[illegible]	180.50	178.50
[illegible]	[illegible]	[illegible]	178.75	178.50

Turnover 3676 (6271) lots of 100 tonnes

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Apr 25	Apr 24	mnth ago	[illegible] ago
	1750.8	[illegible]	[illegible]	1932.3
DOW JONES (Base: Dec. 31 1974 = 100)				
	Apr 23	Apr 22	mnth ago	yr ago
Spot	126.35	[illegible]	[illegible]	135.32
Futures	127.60	[illegible]	[illegible]	133.37

COCOA – London FOX			[illegible]	
	Close	[illegible]	High/Low	
May	627	[illegible]	642	[illegible]
Jul	[illegible]	657	[illegible]	[illegible]
Sep	[illegible]	692	[illegible]	[illegible]
Dec	[illegible]	734	725	712
[illegible]	[illegible]	[illegible]	751	738
May	764	773	773	764
Jul	782	793	786	781

Turnover: 2536 (5326) lots of 10 tonnes
ICCO indicator [illegible] (SDRs per tonne). Daily price for Apr 24 [illegible] (852.64) [illegible] day average for Apr 25 854.61 (854.55)

COFFEE – London FOX			$/tonne	
	Close	Previous	High/Low	
May	555	[illegible]	567	554
Jul	[illegible]	594	595	[illegible]
Sep	606	613	613	[illegible]
Nov	625	632	630	[illegible]
[illegible]	[illegible]	647	645	642
Mar	658	664	660	

Turnover: 6620 (6477) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 24 : Comp. daily 70.31 (70.57), 15 day average 71.86 (72.05)

POTATOES – London FOX			[illegible]	
	[illegible]	[illegible]	High/Low	
May	141.5	[illegible]	140.1	138.0
Mar	136.5		134.0	
Apr	137.3	134.2	137.2	134.6

Turnover 134 (180) lots of 40 tonnes.

SOYAMEAL – London FOX			£/tonne	
	Close	Previous	High/Low	
Jun	129.00	127.00	129.00	127.50
Aug	[illegible]	[illegible]	[illegible]	
Oct	[illegible]	[illegible]	135.00	

Turnover 35 (1193) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	[illegible]	Previous	High/Low	
Apr	1629	1635	1645	1628
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	1365	1365	1350
Jan	1357		1365	
BFI	1620	1632		

Turnover 575 (317)

GRAINS – London FOX			[illegible]	
Wheat	[illegible]	Previous	High/Low	
[illegible]	[illegible]	[illegible]	137.90	137.60

LONDON METAL EXCHANGE		
	Close	Previous
Aluminium, 99.7% purity ($ per tonne)		
Cash	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Copper, Grade A (£ per tonne)		
Cash	1471-3	[illegible]
3 months	[illegible]	1457-8
Lead (£ per tonne)		
Cash	358-60	361-5
3 months	357-8	355-6
Nickel ($ per tonne)		
Cash	9050-60	[illegible]
3 months	[illegible]	[illegible]
Tin ($ per tonne)		
Cash	5910-20	5685-90
3 months	5950-60	5755-60
Zinc, Special High Grade ($ per tonne)		
Cash	1148-5	1225-30
3 months	[illegible]	1170-1

[illegible] Closing £/$ rate: [illegible]: 1.6930 [illegible] months: [illegible]

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)		
Gold (fine oz)	$ price	£ equivalent
Close	[illegible]	
Opening	[illegible]	
Morning fix	353.00	208.[illegible]
Afternoon fix	353.25	208.[illegible]
Day's high	355.50-357.00	
Day's low	352.00-352.40	

Silver fix	p/fine oz	US cts equiv
Spot	220.45	367.4[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
12 months	[illegible]	412.[illegible]

GOLD COINS (Prices supplied by Engelhard Metals)		
	$ price	£ equivalent
Krugerrand	353.00-354.00	209.[illegible]
Maple leaf	362.00-365.[illegible]	[illegible]
New Sovereign	83.00-87.00	[illegible]

New York

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
[illegible]	591/6	593/0	[illegible]	590/6
Jul	604/4	606/2	[illegible]	603/0
Aug	610/0	[illegible]	613/2	608/0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Jun	20.91	20.94	21.25	20.80
Jul	[illegible]	[illegible]	[illegible]	20.71
Aug	20.63	[illegible]	[illegible]	20.58
Oct	20.28	20.28	20.40	20.27
Nov	20.31	20.19	20.31	20.25
Dec	[illegible]	20.12	20.26	20.12

LONDON STOCK EXCHANGE

Early gains reversed before the close

THE UK stock market [illegible] ground again yesterday as Wall Street continued to stall and another round of minor rights issues from UK companies eroded the cash reserves of the big investment institutions. Cash calls since the turn of the year now exceed £3bn.

First quarter trading results from ICI, the blue chip chemical group which is widely held by institutions, brought little cheer for the market, although the drop in profits was in line with the most optimistic forecasts in the City of London. Weakness in sterling dealt a fresh blow to lingering hopes for another early cut in UK base rates.

Equities opened higher after Wall Street's improvement overnight and extended their gains very briefly to move to within six Footsie points of the 2,500 mark in the absence of sellers. But ICI's profits figures brought little joy across the broad range of the market and, with Sir Denys Henderson, the ICI chairman, warning that trading could remain difficult, the share market proved unable to sustain the gains chalked up at the opening of trading.

With little else to look forward to, the UK market shuffled around its overnight levels until Wall Street came in on the downside. The Dow Industrial Average was sharply off in early trading and London quickly showed a net fall of 8.5 on the Footsie before steadying as the loss on the Dow was reduced to 14 points in London trading hours.

At the close, the FT-SE Index stood at 2,482.1 for a net loss on the day of 6.5 points. Seaq volume edged higher to 463.8m shares from the 436.7m of the previous session but remained disappointingly low by the bull market standards achieved only six weeks ago.

Yesterday's trading volume total included significant business in Reuters shares, where selling was led from the US stock markets after the annual meeting of the global electronics reporting group was told that revenues would be flat in the months ahead.

Rights issues from a group of small companies with interests ranging from housebuilding to the manufacture of Christmas decorations totalled only £60m yesterday, but they maintained the pressures on institutional cash holdings. Fund managers have already earmarked substantial funds for the rights issues expected to fall on the equity sector over the next few months; one manager commented that his cash flow for the next two months is now committed.

Rights issue calls, together with the decline in daily trading volumes and numerous placings of stock, are putting pressure on liquidity in the stock market. T[illegible] were further somewhat [illegible]airing sugges[illegible] yesterday that a large takeover bid for a company on the FT-SE 100 list may shortly help market liquidity by supplying fresh cash for institutional coffers; last week's fund-raising by Hanson, regarded as the most likely bidder in the UK market, was keenly assessed.

But views on near term prospects for the UK economy, depressed by reports from this week's conference of the Institute of Directors of UK companies, took a further blow from bearish comments from the Confederation of British Industry, the British Chambers of Commerce and the Engineering Employers Federation.

Equity strategists appear to be increasingly taking the view that the second quarter of 1991 could prove unimpressive for investors, particularly when compared to the strong performance of the first three months of the year.

[illegible]		
*First Dealings:		
Apr 15	Apr 29	May 20
Option Declarations:		
Apr 25	May 16	May 30
Last Dealings:		
Apr 26	May 17	May 31
Account Day:		
May 7	May 28	Jun 10

*New-time dealings may take place from 9.30 am two business days earlier.

Market support for ICI

ICI disclosed sharply lower first-quarter results, but still at the top end of analysts' expectations, some of whom moved quickly to [illegible] their [illegible]casts.

All were particularly impressed with results from what [illegible] thought to be [illegible] trouble spots: bulk chemicals and agrochemicals. One disappointing area, again contrary to expectations, was pharmaceuticals. Analysts blamed heavy buying of drugs in the previous quarter ahead of price rises.

The range of forecasts for the full year is still wide. BZW, not [illegible] most pessimistic of securities houses on ICI, lifted its profits estimate by £30m to £770m. County NatWest, which issued a buy note on the stock on Tuesday, reiterated its position and £850m prediction. Hoare [illegible], ICI's broker, moved from "undervalued" to "buy". Hoare has written in an £875m profit for the year.

ICI rose 18 at one point but closed just [illegible] better on balance at 1073p. Turnover was a solid 1.9m shares.

Assets sale stories

The oil sector was alive with speculation that the sale of Occidental's North Sea assets had been finalised, and that Elf Aquitaine, the French state-owned oil group and long-time favourite to gain control of the assets, had triumphed with a $1bn-plus bid. The story focused dealers' minds on the 25 per cent stake that Elf holds in Enterprise Oil, and which many expect to be placed in the market.

Enterprise is also thought to have bid for the assets, along with Atlantic Richfield, the US oil group. Specialists said the Elf [illegible]e in Enterprise had been overhanging the market and had depressed the exploration and production sub-sector for many months; if it is sold it will lead to an upward rerating. Enterprise shares dipped [illegible] to 554p.

Reuters erratic

Reuters' annual meeting caused the company's share price to move erratically. Early in the presentation, Reuters management said revenue would [illegible] flat [illegible] the year. Some [illegible] reported his immedi[illegible] clients and the shares dropped below £8.

The company later said "increasing cash balances will assist us in growing our 1991 profits". The implication that there would therefore be an improvement on last year's £320m, the figure that some analysts have forecast to be repeated this year, pushed the shares back up to within a few pence of the previous night's close.

The shares weakened again in the last hour of trade, with marketmakers saying that a US house had been caught with an over-long position in the stock. Reuters ended [illegible] net 20 [illegible] after exceptionally high turnover of 4m.

Monday's earthquake in Central America sent shares in the two big banana importers, Geest and Fyffes higher. Geest gained 28 to [illegible] and Fyffes rose 2 to 93p. UK importers are expected to benefit from higher retail prices, while Caribbean suppliers are likely to supply from stock. [illegible] also boosted following a meeting with shareholders at brokers Cazenove.

Asda firmed a penny to 122p as it began a series of meetings with [illegible]. Brokers lowered their 1991/92 forecasts following the meetings to £193 to £215m from £225m to £30m, which had been expected.

There was uncertainty surrounding Lilley, the Glasgow-based construction group, where a large placing of shares [illegible] said to have been [illegible]. BZW was said to have [illegible] place more than 11m [illegible] Lilley, at a price of 48½p, representing the holdings of a number of directors and [illegible] of Hatfield Estates, [illegible] by Lilley just over a year ago.

At the time of the takeover Hatfield directors agreed not to sell the newly acquired Lilley shares for at least a year and not until Lilley's 1990 figures had been published.

Seaq turnover for Lilley was 365,000 shares, indicating that no placing had taken place. Lilley settled 1½ off at 47½p.

Y.J. Lovell's £30m rights issue, a two-for-five at 130p, received the thumbs down by the market and Lovell shares dropped 33 to 145p.

M.J. Gleeson advanced 17 to 805p following good results, with profits up 10 per cent at £5.05m, but Steetley was the latest building stock to suffer from market fears that a rights issue could be forthcoming and fall 15 to 358p.

A report that UK groups were among the 26 first-tier contractors for development of [illegible] F-22 Advanced [illegible] Fighter project, America's next generation of jet aircraft, sus[illegible]d their respective share prices.

Details of the exact involvement should be released by the US Air Force next week, but Dowty, 2 harder at 184p, hopes to receive a contract for $20m and Williams Holdings, also firmer [illegible], could be awarded a similar amount. Williams was also the subject of a positive note from Smith New Court.

Trafalgar House was bolstered by a broker's buy recom[illegible] and settled 5 higher at 246p. The interim results are due on May 8.

With the company effectively dousing Wednesday's speculation of an impending rights issue, ECC recouped much of that day's fall to close 10 higher at 420p. Pilkington firmed to 191p following news of a £7.4m disposal.

Fresh criticism of the fund-raising proposed by Cannon Street Investments lowered the [illegible] 7 more to 105p.

Vickers weakened further as fears of a sharp fall in sales of luxury cars were confirmed by chairman Sir David Plastow. He warned at yesterday's annual meeting that this, coupled with redundancy costs taken wholly in the first half, would mean lower profits for the group. "Over the full year Rolls-Royce Motor Cars is unlikely to make a significant contribution to Vickers' earnings," he said. Vickers dipped to 205p before ending 2 easier at 209p.

Automotive component stocks bowed to more bad news from the motor industry. Hard on the heels of the Volvo job losses, news of which lowered Lex Service 8 more to 189p, speculation arose of the possible temporary closure of the Ford plants at Dagenham and Halewood. This was denied but main suppliers GKN and Lucas Industries still lost ground, the former closing 9 down at 384p and the latter 5 off at 156p.

Tace fell 12 to 144p following the resignation of a director and of the company's brokers, Hoare Govett. The latter was appointed less than a month ago ahead of an anticipated capital restructuring.

Shell strengthened to close 7 up at 527p, responding to a spate of buy recommendations in the US. Ultramar, which has substantial Canadian businesses, was hurt by poor results from Imperial Oil, the Canadian unit of Exxon, and settled 10 off at 319p with some big selling orders said to have been in the market.

British Gas eased to 248p ahead of next Tuesday's deadline for its response to the Ofgas proposals on domestic tariffs. If Gas fails to respond, Ofgas will send its recommendations to the Monopolies Commission.

Carlton Communications climbed 11 to 559p as Hoare Govett recommended the stock for the long term. Analysts were impressed with the company's new products at a television equipment exhibition in the US. The broker, however, remained cautious in the short term, trimming this year's profits forecast by £7m to £103m.

The return of rights issue talk concerning Granada left [illegible] shares 5 off at 187p.

Tour operator Airtours jumped 44 to 443p the day after the company took a group of analysts to the Champagne district of France for a presentation.

Sentiment was also helped by the arrival of the company as a constituent of the FT-A All-share index – tracking funds are now likely to buy the stock.

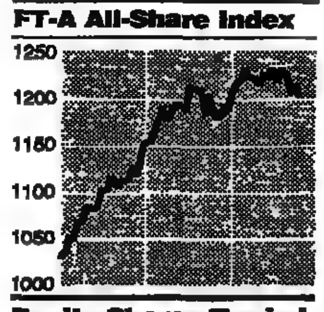
New issue Headline Book Publishing closed at 122p, [illegible] pared with a placing price of 100p.

Lancashire & London Investment Trust advanced 9 to 103p on the £8.4m offer from fellow trust and main shareholder Anglo Scandinavian Investment Trust.

National Home Loans reflected investor uncertainty ahead of today's interim results with a loss of 5 at 134p.

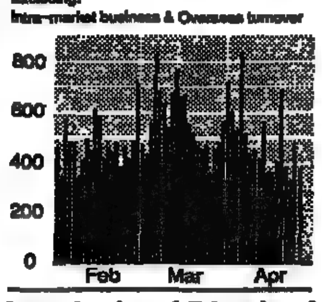
■ Other Market statistics, including the FT-Actuaries share index, Page [illegible]

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (169). BRITISH FUNDS (3) Treas. 8pc '92, Treas. 8pc I-L, Do. I-L '94, AMERICANS (22) Amer. [illegible], Amer. Express, Amer. T.&T., [illegible]America, California Energy, Chase Manhattan, Chrysler, Cont. Bank, Dun and Bradstreet, Fluor, Lockheed, Morg. (J.P.), Morris (Ph), NYNEX, Pennzoil, Quak Oats, Rep. NY, Sear Roebuck, Texas, Time Warner, US West, Waste Man., BANKS (6) ANZ, Espirito Santo, Mitsubishi Tst. Bnkg., Nat. Aust., [illegible] Tst. & Bnkg., Westpac, BREWERS (1) Fosters Brewing, BUILDINGS (2) Allen, Gleeson (M.J.), CHEMICALS (4) Akzo, BASF, Bayer, Jeyes, STORES (6) Brown (N), Coles Myer, Courts, En[illegible], Fine Art Devs., Rathbone, Shoel, ELECTRICALS (16) Admiral, CML Micro., Domino Print., Farnell Elec., Hewlett-Packard, Lemonth & Burchett, [illegible] Materials, [illegible] Repro., Motorola, [illegible] A, Renishaw, [illegible] Wholesale Ftg., ENGINEERING (1) [illegible] Indl., FOODS (3) BSN, Brake Bros., [illegible], IAWS A, Nichols (Vimto), INDUSTRIALS (22) Airsprung Furniture, [illegible] Prop., BSG, [illegible] Dover, [illegible], Fletcher Chal[illegible], Huntingdon Intl., Kalon, MY, Pacific Dunlop, Jeeps, Schlumberger, Security Archives, [illegible], Wassall, Wilkes (J), INSURANCE [illegible] Amer. Gen., Aon, Orist, Torchmark, USF & G, Ustile, LEISURE (3) Airtours, Border TV, Camperi, Hi-Tec Sports, Scott TV, MOTORS (1) Mid-States, NEWSPAPERS (1) News Corp., PAPERS (2) Abbott Md. Vickers, Birdsale, TEXTILES (2) Haggas (J), Parkland A, TRUSTS (30) Abtrust New Dawn, Acorn, Archimedes, Baillie Gifford Japan, Biotech Pf., Exmoor Dual Inc., Do. Zero Pf., Genesis Chile, Haw Par Bros., Jakarta, Korea-Europe, Lancs. & London, Latin American, Malaysia Cap. Select, Martin Currie Pac., Do. Wrrnts., Scot. Asian Ptg., Scot. Cities, Do. [illegible] & Merc., Do. A, Scot. Nat. Stpd. Pf., Siam Select. Growth, Do. Wrrnts., Singapore SESDAQ, South East Asian Wrrnts., TR Far East Inc., TR Tech. Stpd. Pf., Thai Euro. Tor, OILS (10) Chevron, Exxon, Hamilton Oil, Occidental Pet., Petrofina, Ranger Oil, Royal Dutch, Shell Trans. Reg., Total-Cie B, Woodside, MINES (14) Anglo Amer., Anglo. Pac. Res., CRA, De Beers Linked Units, Doornfontein, East Daggs, Elsburg, Gencor, Gold Fields S.A., Minorco, Northam Plat., West. Areas, West. Mining, Winkelhaak.

NEW LOWS (21). BREWERS (2) Macallan-Glenlivet, Wiltshire Brew., STORES (2) Cantors, Fields (Mrs). ELECTRICALS (2) Pressac, Sema, ENGINEERING (2) Bailey (C.H.), Usd. Inds., INSURANCE (1) Durham (D.G.), LEISURE (1) Tomorrows Leisure, NEWSPAPERS (1) Gardner (D.C.), PAPERS (1) Unit, PROPERTY (1) Stonbrook Props., TRUSTS (4) Baillie, Drayton Eng. & Intl., Do. Wrrnts., Independent Inv. Wrrnts., OILS (4) Aviva Pet., Clyde Pet., Sovereign Oil, XCL Sunrise.

FINANCIAL TIMES STOCK INDICES

	Apr 25	Apr 24	Apr 23	Apr 22	Apr 19	Year Ago	1991 High	1991 Low	Since [illegible] High	Since [illegible] Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	85.88 (19/2)	82.17 (2/1)	127.4	49.18 (3/1/75)
Fixed [illegible]	94.15	94.31	94.26	94.34	94.92	84.49	94.64 (5/4)	90.59 (16/1)	105.4 (28/11/47)	50.53
[illegible] Share●	1943.9	[illegible]	1965.6	[illegible]	[illegible]	[illegible]	[illegible] (5/4)	1600.5 (16/1)	[illegible]	[illegible]
Gold Mines	145.2	144.5	[illegible]	142.5	140.2	219.2	179.7 (11/1)	127.0 (22/2)	734.7	[illegible]
FT-SE 100 [illegible]	[illegible]	2488.6	[illegible]	2490.8	[illegible]	2133.9	2545.5 (5/4)	2054.8 (16/1)	[illegible]	[illegible]
FT-SE [illegible] 250	1157.65	[illegible]	[illegible]	1158.13	[illegible]	-	1176.30 (16/1)	938.62 (15/4/91)	[illegible]	938.62 (16/1/91)
[illegible] Div. Yield	4.96	4.93	4.91	4.93	4.86	5.41				
●Earning Yld %(full)	8.89	[illegible]	8.81	8.84	8.72	12.12				
●P/E Ratio(Net)(n)	[illegible]	13.88	13.94	13.89	[illegible]	[illegible]				
SEAQ [illegible] 4.45pm	[illegible]	[illegible]	28,257	27,[illegible]	28,283	21,449				
Equity Turnover(£m)†	-	[illegible]	830.10	751.40	[illegible]	[illegible]				
Equity Bargains†	-	[illegible]	27,450	[illegible]	[illegible]	[illegible]				
[illegible] Traded (m)†	-	397.5	465.7	339.8	365.5	444.2				

Ordinary [illegible] Index, Hourly [illegible] Day's High [illegible] Day's Low 1941.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1955.0	1953.1	1950.0	1947.1	1946.9	1945.2	1947.4	1944.1	1942.9

FT-SE 100, Hourly changes Day's High [illegible] Day's Low [illegible]

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2492.6	2490.5	2493.3	2488.0	2487.2	2487.2	2488.8	2484.2	2481.9

FT-SE [illegible] Hourly changes Day's High [illegible] Day's Low [illegible]

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1156.64	1157.83	1158.24	1158.40	1158.24	1160.15	1158.05

Basis [illegible] 1935; [illegible]

GILT EDGED ACTIVITY

Indices*	Apr [illegible]	Apr [illegible]
Gilt Edged Bargains	90.7	89.2
5-Day average	89.8	90.4

*SE Activity [illegible] †Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES AND OPTIONS TRADING

STOCK INDEX futures continued to weaken yesterday as the market worried about the depth of the recession and the prospects for an immediate reduction in UK interest rates.

The June FT-SE 100 index closed 12 points lower at 2,502 as a fall on Wall [illegible] and a decline in sterling kept prices under pressure. June FT-SE remained at a weak premium to the spot FT-SE index, indicating nervousness in the [illegible] about the short-term outlook for UK shares. By the close, June was around 20 points above the spot index, compared with fair value of 30 points.

Traded options reflected growing unease over the market's longer-term prospects. [illegible] de Zoete Wedd executed a large trade in the Euro FT-SE index options, involving the purchase of December 2,325 puts and sale of December 2,225 and 2,125 puts.

The Euro FT-SE options accounted for 8,773 lots of the market's overall turnover of 28,409. Marks and Spencer was again traded actively, 1,644 contracts changing hands.

Nomura has followed other securities houses in expanding its UK and European derivatives coverage. It has increased its derivatives team to 12 following the appointment of Mr Chris Broadhurst, formerly of Goldman Sachs, as senior manager in equity derivative sales.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Over Fifteen Years

Undated

Index-Linked

Five to Fifteen Years

[illegible]

BRITISH FUNDS – Contd

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
98½	92½	Treas 9½pc 2002	97¼	+⅛	10.03	10.17
100½	94.3	Treas 10pc 2003	[illegible]	+⅛	10.10	10.13
108¼	102	Treas. 11½pc 2001-04	106½	+⅛	10.78	10.39
58½	53.2	Funding 3½pc '99-04	[illegible]	[illegible]	6.09	8.99

[illegible]

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
102	[illegible]	African Dev Bk 11½ Ln 2010	100½	+⅛	11.04	11.02
[illegible]	[illegible]	Asian Dev Bk 10½pc Ln 2009	96.3	+⅛	10.61	10.68
112½	105½	Int-Am Dev Bk 12½pc 2003	110½	+⅛	11.29	10.85
92½	86.2	Do. 9½pc Ln 2015	[illegible]	[illegible]	[illegible]	10.73

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

Continued on Page 38

APPOINTMENTS

EC adviser to Barclays Bank

BARCLAYS BANK has appointed Mr Malcolm Levitt (pictured) as its European Community adviser in succession to Dr Tom Sor who is retiring. Mr Levitt will advise Barclays on the implications of all aspects of EC policy making and practice and will represent the bank's views to the EC. He has been a partner in the European practice of Ernst & Young's management consultancy since 1987, and gained experience of EC matters as a head of division at the EC's directorate-general for economic and financial affairs from 1977-8. Mr Levitt is a former senior economic adviser at the Treasury.

■ Mr Ian Patterson has been appointed a director of DAIWA EUROPE BANK, London, with responsibility for corporate banking and credit management. He was an executive director of Standard Chartered Bank, and before that with the Midland Bank Group.

■ Sir Michael Angus, chairman of Unilever, has been nominated for appointment as deputy president of the CONFEDERATION OF BRITISH INDUSTRY. If elected at the annual meeting on May 22 he would serve for a year, and then would be expected to succeed Sir Brian Corby as president in May 1922 for a two-year term. Sir Michael will retire as chairman of Unilever in May next year.

■ CONGREGATIONAL & GENERAL INSURANCE, Bradford, has appointed Mr Paul Brierley as assistant general manager, responsible for sales and marketing.

■ ZIFF-DAVIS PUBLISHING COMPANY, New York, has appointed Mr David Craver as managing director of UK operations from May 1, based in London. He was deputy managing director, Horizon division, Reed Business Publishing Group.

■ COMMERZBANK has appointed Mr Peter Buerger as a general manager of its London branch. He was a managing director of Commerz Securities, Tokyo, and succeeds Mr Juergen Lemmer, who returns to Frankfurt as a deputy member of the Commerzbank's board of managing directors.

■ Mr Alan Meredith has been ap[illegible]ted [illegible] director of COUNTGLADE TRANSPORT, Felixstowe.

■ Mr Tony Foreman has been appointed deputy marketing director of UNICHEM, Chessington.

■ 3i GROUP has appointed Lord Camoys, a director of Barclays Bank, as a non-executive director replacing Mr Brian Pease, formerly a Barclays Bank director, who has resigned.

■ PILOT EXECUTIVE SOFTWARE has appointed Mr Brendan Towers as product marketing and development director.

■ TARMAC has promoted Mr James Ager to director of Tarmac Provincial Properties, and Mr Neville Topping to director of Tarmac Central Properties.

■ Dr George Bush has joined CLERICAL MEDICAL INVESTMENT GROUP as general manager (information services), and a member of the group management committee. He was group information systems manager with Premier Brands.

■ AMERICAN NATIONAL CAN COMPANY has appointed Mr Mike White as managing director of Nacanco Beverage Cans UK, Luton. He is vice president Far Eastern operations, based in Sydney, Australia, and will be returning to the UK in May.

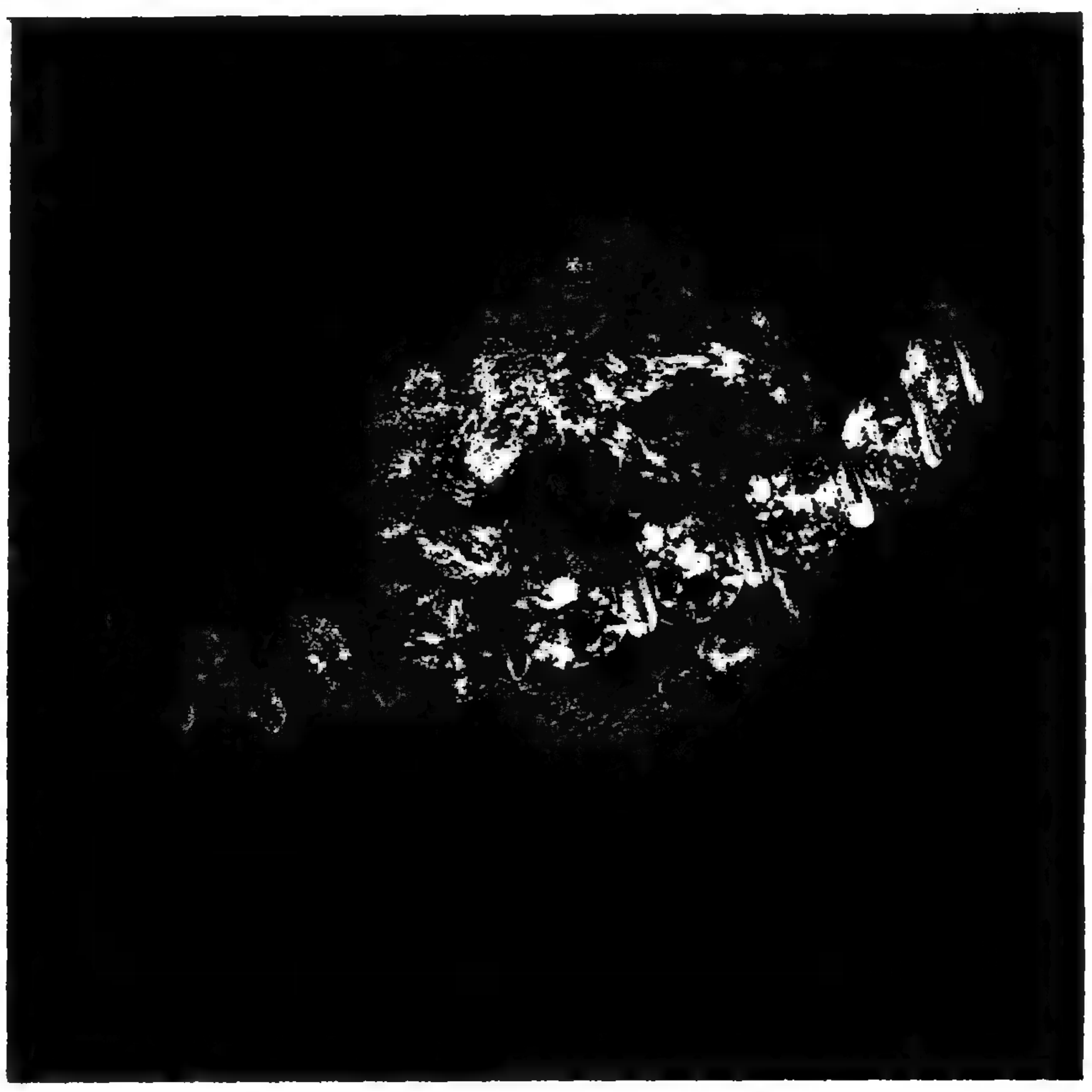
■ Mr Angus Gilroy has [illegible] appointed to the board of COLONIAL MUTUAL GROUP. He is a partner with BDO Binder Hamlyn.

■ BICC CABLES, Chester, has appointed Dr Elizabeth Ness [illegible] business development manager, energy cables division. She was manager of the polymer materials department of BICC's Wrexham technology centre, and will be based at Prescot.

Mr Alec Moir (pictured) becomes chairman of OSCAR FABER, St Albans, on May 1, succeeding Mr Don Wiseman who is retiring. Mr Moir has been with the group since 1967, and Mr Wiseman since 1953.

An industry that girdles the earth

Six points from Julian Ogilvie Thompson's Chairman's Statement for 1990



Soviet Union

The global nature of the diamond industry was once again reinforced by developments in 1990. De Beers Centenary's inaugural year was marked by a five year US$5 billion sales agreement with Glavalmazzoloto of the USSR. This contract with one of the world's largest producers of gem diamonds was further recognition of the benefits of single channel marketing through which the Central Selling Organisation (CSO) has served producers, consumers and the diamond industry as a whole for more than half a century. Centenary's fully secured US$1 billion advance to Glavalmazzoloto illustrates the extent of its financial resources and its ability to hold a large buffer stock of diamonds should the need arise.

Angola

Another development which reinforced the stability of the diamond market was De Beers Centenary's agreement in principle with the Angolan state diamond corporation, Endiama, under which the production of the Cuango River area will be marketed by the CSO. Centenary will lend Endiama US$50 million at a commercial rate of interest to finance extensions to the Cuango mining area. The first diamond shipments have already been received in London.

Diamond sales

After seven years of growth world retail diamond sales levelled off in 1990. Total sales of rough diamonds for the year amounted to US$4,167 million, two per cent higher than 1989. Despite the adverse international economic climate, CSO sales at the first three sights in 1991 were satisfactory and the CSO is confident of achieving sales comparable to last year's.

Group earnings

Reflecting the fact that the major part of our earnings nowadays is generated outside South Africa, De Beers Centenary accounted for 81 per cent of attributable earnings and 62 per cent of equity accounted earnings of the combined results. Combined attributable earnings declined by 16 per cent to US$950 million while equity accounted earnings fell by 17 per cent to US$1,317 million. Total dividends per linked unit were US 111.3 cents, a marginal increase on 1989.

Sea floor mining

The continuing development by De Beers Marine of sea floor mining technology is evidence of our long-term worldwide commitment to exploration and research. In 1990 some 29,000 carats were recovered by De Beers Marine off Namibia for CDM.

South Africa

Profound political changes have opened the way for South Africa to rejoin the community of nations and there are already signs of the significant benefits it will derive from its reintroduction into the world economy. The new South Africa must achieve and maintain a high rate of economic growth to generate the resources so urgently needed for social investment and to provide meaningful opportunities for all South Africans. De Beers Consolidated Mines has played a leading role in the Private Sector Initiative which has raised R670 billion over five years for education and housing in black communities.

The full Chairman's Statement is available with the Annual Reports of the two Companies for the year ended 31st December 1990, which have been posted to registered shareholders. Copies may be obtained by writing to the London address below.

De Beers Consolidated Mines Ltd **De Beers Centenary AG**

De Beers Consolidated Mines Limited (Incorporated in the Republic of South Africa), London Office, 40 Holborn Viaduct, London EC1P 1AJ.
De Beers Centenary AG (Incorporated under the laws of Switzerland), Head Office, Langensandstrasse 27, CH-6000 Lucerne 14, Switzerland.

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FINANCIAL TIMES SURVEY

CORNWALL

Friday April 26 1991

The search for industries; property market and communications Page

Trawling for business as well as for fish; tourism and job re-training Page

Port Isaac, a jewel of Cornwall's northern coast, where time stands still

At least 3.5m people will flock to Cornwall this year to enjoy some of Britain's finest scenery. But behind the jollity of its famous cream teas, the Duchy is fighting hard to recover from the collapse of some of its oldest industries, writes **Anthony Moreton**

Battle for recovery

IT IS one of the great certainties of the British summer that once more the holidaymakers will flock down the M 5 motorway this year into Cornwall. The duchy, with its incomparable beaches, magnificent surf, cream teas and warm weather, is just about everything the average holidaymaker wants from the annual break. Two fine hot summers in succession have brought back the attractions of British resorts generally and Cornwall confidently expects a bumper time especially following the Gulf war, the collapse of companies catering for the Costas trade and the rise in package-holiday prices.

Some 3.5m people visit Cornwall every year and the indications are this number will be topped before autumn arrives and the deck chairs are stacked away, the last ice-cream consumed, the oars put away on the boats taking trippers around the bay.

What few of the trippers will see, though, is a county in transition, one that has been badly affected economically and searching, not without success, for a more diversified economy. "Cornwall has been hard hit by the recession," says Mr John Caff, director of the Devon and Cornwall Development Company. "A broad and realistic consensus of what can be done and what needs to be done is now essential if it is to realise its potential."

Mr John Rees-Evans, the county's economic planning officer, goes a stage further. "Cornwall continues to be biased towards the primary industries and tourism but there is a very positive trend towards a more balanced economy," he states. "Growth is coming from manufacturing and financial services."

The two agree that reducing dependence on traditional industries such as tin mining, fishing, agriculture and engineering will be made easier by the increased emphasis being placed on what Mr Caff calls the "quality of life" factor.

"Until the late 70s," says Mr Rees-Evans, "industry was all about the company. Now it is increasingly about where that company exists. This is where Cornwall will score because the quality of life here is far superior to that in most of the rest of Britain. This will allow us to attract the new companies that want a clean environment and a good workforce." And Mr John Berry, managing director of the Cornwall Enterprise Board, adds that the county is "a serious place from which to do business. It's as cheap to export from here in small parcels as anywhere else in the country."

Cornwall's economy is characterised by small firms, low pay, high unemployment and, because of its [illegible] on tourism, a seasonal nature to the work available.

Unemployment is significantly higher than in the rest of the UK. In January, the figure was 10 per cent against a British average of 6.7 per cent and 6.1 per cent for the south west as a whole. The figure has been sustained by closures in the Camborne-Redruth area which have turned this part of the county into a black spot, by ECC International cutting its job force in St Austell by 750 and several smaller job losses. The nearby Saltash area, too, has been affected by the run-down in numbers in Devonport dockyard.

Some 90 per cent of the businesses in the duchy employ fewer than 25 people, the sort of concern that Mr Richard Goldring of English Estates describes as being in the forefront of the recession.

Between 1984 and 1987, the last year for which figures are available, the numbers in agriculture and fishing dropped by 6.2 per cent, in mining by 33.7 per cent and in construction by 8.4 per cent, all significantly above the national average. Mr Rees-Evans believes the trends contained within these figures have continued.

According to [illegible] 1990 New Earnings Survey [illegible] Department of Employment, men's wages in Cornwall averaged £241.90 a week last year, 81.8 per cent of the British average and 87.2 per cent of that of the south west generally. Earnings for women, at £166.80 a week, showed a similar discrepancy and the earnings figures were the lowest for any county in Britain.

These bleak figures, though, do not show the way in which Cornwall has been adapting. If tin mining has disappeared, there remains a buoyant china clay industry. Fishing is producing a good income for its skippers and crew and the efforts to diversify the economy have been successful.

Banking, finance and insurance as a sector grew by 24.6 per cent between 1984 and 1987 against a national average of 16 per cent and others to outperform the British figure were distribution, tourism, transport, printing, communications and "other manufacturing and services", which includes the food industry. Newquay Steam Beer, Ginsters' Cornish pasties and Rodda's ice cream have won national markets. "We have been able to attract new companies," says CEDO's Mr John Rees-Evans, "through having a good workforce, a pool of trainable labour and low absenteeism rates."

The county also has a growing population. Numbers rose throughout the 1980s and look set to continue to do so, despite the falling school rolls, until the next century. The present population of 450,000 is expected to grow to [illegible] by the year 2001 and a [illegible] later it could be up to 650,000.

Unlike counties such as Dorset or Sussex, and despite popular misconceptions, this growth is not coming from pensioners looking to move into the county at the end of their working lives. The growth is coming from economically mobile and active people who want [illegible] live and work in a clean environment.

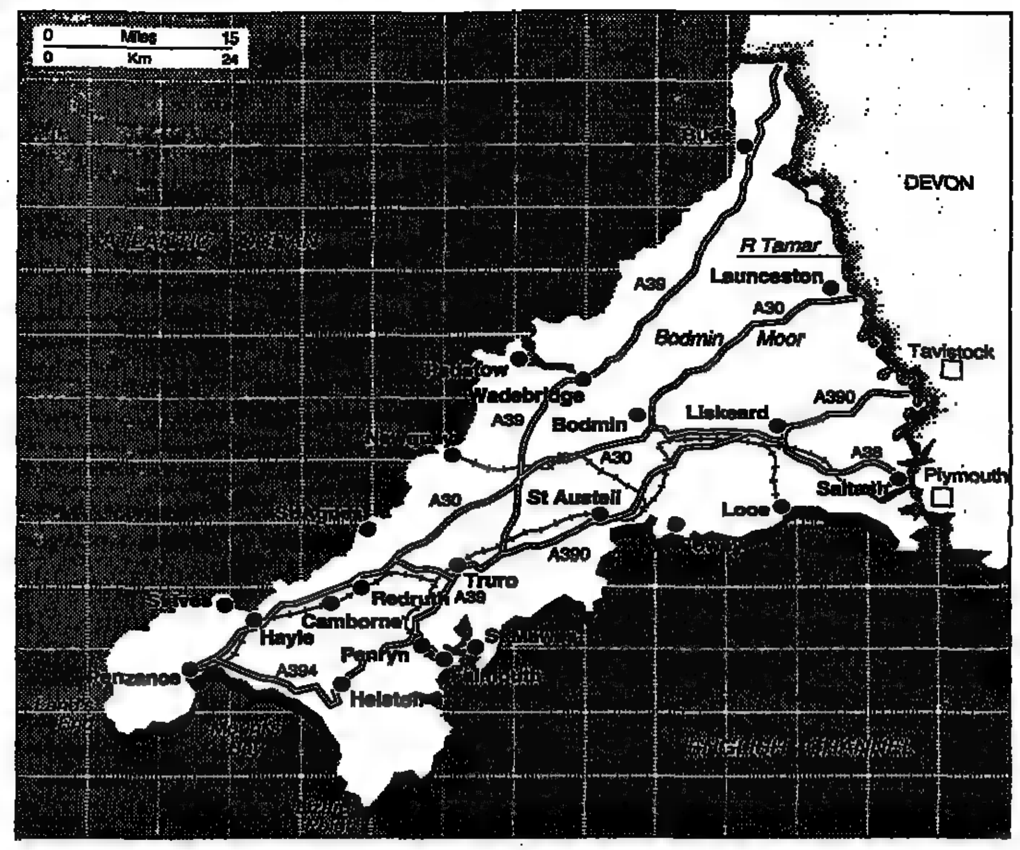
Between 1981 and 1989 there was a net increase of 34,000 jobs to absorb the growing population and Mr Rees Evans says between 1984 and 1987 "we were, and we believe we continue to be, more successful than the rest of the country in creating jobs in manufacturing. We boosted employment in this area by 3.4 per cent at a time when Britain, climbing out of the depression, dropped by 4.7 per cent. We are having to create around 3,000 net new jobs a year just to meet population growth."

If Cornwall is to take full advantage of this growth then it needs to improve its infrastructure. The word "infrastructure" normally conjures up thoughts of roads and while improvements are necessary it is equally important to update water supply, sewage treatment and disposal, recycling facilities and development sites.

Roads, though, are crucial. Cornwall is one of the [illegible] English counties without an inch of motorway. Its most important spine road, [illegible], will have dual carriageway by the mid-1990s but, as Mr Graham Lovering, managing director of ECC International, points out, one vital road is not sufficient.

"Roads into and out of the county have improved enormously", he says. "But there are still too many businesses within the county that have to use what are little more than country lanes to get their goods to market. Taking clay from our 35 pits in the county, and we produce 3m tons a year, to port in Fowey or Par means travelling along narrow, country roads. It would help enormously if these were upgraded, too."

Other links are important. British *Rail* has just brought forward the last train of the day from Paddington into Cornwall and there is resentment that most of the fast services end in Plymouth. There is concern that Brymon Airways' flights from Newquay might be squeezed out of London's Heathrow. Greater use of Falmouth as a port would be welcomed – though here introduction of a *Ro-Ro* facility is a possibility.

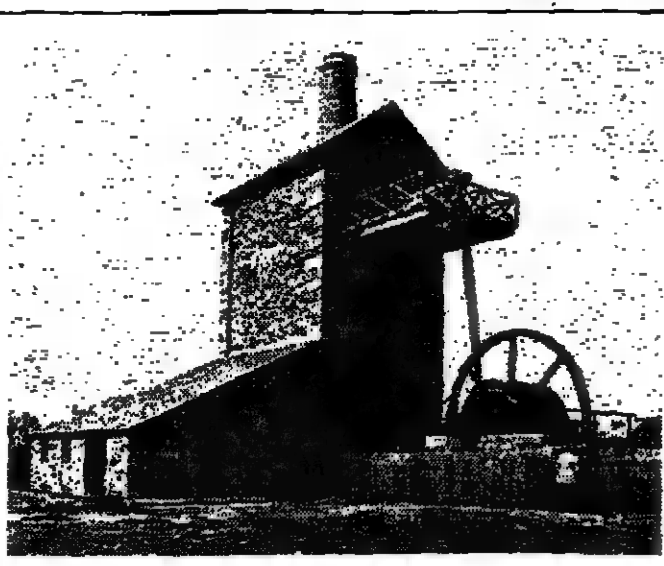


To minimise the economic disadvantages of distance from [illegible] Cornwall [illegible] joined [illegible] Atlantic Arc, a grouping of areas on [illegible] geographical perimeter of the European Community. Cornwall College and the county's chamber of industry have established links with mainland Europe and tourism links have been encouraged with Brittany, northern Spain, Portugal and southern Ireland.

Two weeks ago, work began on converting an old gasworks in St Ives into an outpost of London's Tate gallery. St Ives, with its incomparable bay, was the home of Barbara Hepworth and a host of other artists and the gallery will contain 80 of the Tate's collection of 300 works by the St Ives school.

The £2.75m project is among a number of new investments within the vitally-important tourism sector. Mr Peter de Savary's Land's End project and housing schemes at Falmouth and Hayle may have caught the eye but just as important has been the golf-course-and-housing development at St Mellion and hotel improvements at St Martin's on the Scilly Isles, Talland Bay, between Looe and Polperro, and St Keyne.

Cornwall may be looking to new niche industries to transform its industrial economy but it is not ignoring those activities which, however unquantifiable, have added immeasurably to the richness of [illegible] character.



East Pool Whim tin mine, Camborne: sightseers only

INDUSTRY

Steering a new course

THE 9,300-ton cargo ship Crystal Star is this week lying at one of the berths in Falmouth docks after a fire crippled her as she was passing Land's End.

With her 28 crew members airlifted to safety the vessel was brought into Falmouth while her owners sought tenders for the necessary repairs to be done.

One of those tendering will be Falmouth docks itself. The docks, a member of the A & P Appledore group, is part of traditional Cornish industry – not perhaps as famous as mining but every bit as traditional. Small boat building and an associated repair sector is to be found at many ports around the long coastline; Falmouth docks differs only in that it is large.

It has been larger. Today the company employs just over 550 people, a number that rises to nearer 800 when casuals – workers taken on for perhaps a week or two at a time to supplement the permanent staff – are included.

Together with the other tenant companies on the docks, such as Falmouth Oil Services and Pendennis Ship Yard, more than 1,000 are employed within the yard which is the most important single contributor to the economy of the town.

Once, it was not only bigger but much bigger. Mr Tom Duncan, Appledore's chief executive in Falmouth, was not there at the time but he recalls that the ship repair side alone once employed more than 2,000 men. He also recalls that British Shipbuilders, who owned it in the early 1980s, ran down the number to about 75 and wanted to close a port that is a major harbour on the shipping lanes. Since his arrival in 1985 he has built the operation back to the point where it has a turnover of about £20m. a year.

Even more traditional than dockyards within the Cornish industrial sector, though, is mining. Tin is as linked with Cornwall as whisky with Scotland or shipbuilding with Tyneside. Most of the great tin names such as Wheal Jane have now disappeared although some processing continues at South Crofty, near Redruth.

It is at St Austell, though, that the mining industry continues to exist in strength and profitability. There, the end product is china clay, or kaolin as it is known overseas.

Mr Graham Lovering, managing director of the company's mineral operations, heads the most important single employer in the county with some 4,000 workers.

ECC produces some 3m tons of clay a year and is meeting demand rising by 2-3 per cent a year. Like Appledore, though, ECC has had to come to terms with changing market conditions which have seen the workforce reduced by about 3,000 over the past 20 years.

Only last year ECC announced 750 job losses and in August it will move its head office out of the duchy to Theale, in Reading. That switch will not involve more than [illegible] staff but [illegible] an [illegible] of decision making out of the county, a trend [illegible] occurred in other parts of Britain.

At least the restructuring of ECC and Appledore has produced viable companies. Elsewhere in the county there has been a distressing catalogue of closures, especially in engineering.

Companies such as Case, Strategic Alloys and Bryants Electrical have shut down or moved out of the county turning the Redruth-Camborne area in particular [illegible] economic black spot.

However, bodies such as the Devon and Cornwall Development Bureau, which is the county's inward-investment arm under its director Mr Ivor Simpson, and the Devon and Cornwall Development Company, which co-ordinates the private and public sectors under Mr John Caff, have been instrumental along with the Cornwall Economic Development Office, a county council[illegible] body under Mr John Rees-Evans, in switching the emphasis towards lighter, more high-technology industry.

This switch compensates for Cornwall's distance from markets since the end-products of the incomers are not nearly as sensitive to transport costs. A survey undertaken by [illegible] Lybrand Deloitte for Mr Simpson's Bureau has forecast the electronics sector to grow strongly over the next three years.

Mr Ivor Simpson says that major investment is highly [illegible] to be [illegible] in [illegible] region with two companies "planning to invest more than £20m and four planning [illegible] invest more than £5m.

"The evidence contained in the survey should have a galvanising effect on companies [illegible] to [illegible] up European operations to take advantage of the single European market after 1992."

The larger part of the growth of electronics has taken place in Devon but companies [illegible] as BT International and Fitzgerald Light and the Goonhilly telecommunications station [illegible] the Lizard peninsula have shown it is [illegible] to [illegible] a high-tech industry in [illegible] county.

A further development [illegible] been the growth of food processing, led by people such as Ginsters, which now operates a national [illegible] chain from its headquarters at Callington, [illegible] Liskeard, and [illegible], the ice-cream producer, at [illegible], between Redruth and Truro.

Food and drink as a sector provided work last year for 4,180 people according to figures produced for Mr Mike Jordan and Mr Peter Fitzgerald of Cornwall TAB – almost double the number three years earlier.

Mr Caff believes that "what is still needed is a broader and realistic public consensus of what can be done and what needs to be done".

Given that consensus he sees no need to be anything other [illegible] optimistic about the county's industrial future.

Anthony Moreton

COMMUNICATIONS

The narrowing gap

MR NEIL ROBERTSON, business development manager [illegible] Cornwall Economic Development [illegible], believes that most businessmen who come to look at Cornwall have only been here once before. "They [illegible] as kids sitting in [illegible] back of their [illegible] old Austin car for 14 hours, driving across Dartmoor, going across Bodmin Moor, in and out of every town and village until finally they arrived at their seaside holiday."

They were left with a childhood memory of Cornwall as a far, isolated place, and may not fully [illegible] the journey from London or the Midlands is nowadays a lot shorter.

Admittedly, there is still no motorway. But the [illegible] 30, the main spine road through Cornwall, is dual carriageway for all but 30 miles of its length. Most of the towns and villages [illegible] once bottlenecks now have by-passes.

The drive to London, with stops, takes around [illegible]. That is still a long time to small children but for businessmen it means only a moderate extra cost.

A lorry leaving at night can reach Felixstowe or other east coast ports comfortably in eight hours. This is the maximum time that the tachograph (the so-called spy in the cab) permits a [illegible] to stay on the road. He can then rest during the ferry crossing. Once on the continent, he can drive [illegible] by [illegible] is [illegible] of [illegible] important north European places.

Mr Robertson's Development Office recommends that businesses take this route rather than the westerly crossings from Plymouth to Roscoff in France or Santander in Spain which are far from the main European centres.

The additional cost is only marginal [illegible] many cargoes are gauged by weight rather than by distance. Some large hauliers such as TNT and Securicor have set up in Cornwall [illegible] of the new businesses [illegible] settled there. Previously they handled their Cornish business from Plymouth or Bristol.

For high [illegible], low volume operations such as electronics or service companies, Cornwall's location does not necessarily mean greater expense.

Many such of companies were formed before recession struck in 1990. But there are also large food companies which find it economic to import [illegible] from Europe, process it in Cornwall and distribute it throughout Britain. Any extra geographical costs can be [illegible] by savings elsewhere.

Then there is the question of what kind of managerial skills [illegible] there. Many entrepre[illegible] have moved their small [illegible] to Cornwall because of the quality of life offers their families. But they still needed to keep in touch with London, [illegible] of it still takes four and a half hours by rail from Paddington to Truro, the duchy's administrative capital, a little too long for for frequent day trips.

Until recently the answer lay with Brymon Airways, the small airline 40 per cent owned by British Airways and 40 per cent by the Danish Group Maersk. Equipped with five executive style Dash-7 aircraft, it offers four flight a day from Newquay to Heathrow.

The flight takes an hour and the fare is comparable with a first class ticket on the British Rail. It actually costs more than the £66 for a first class ticket from Paddington [illegible] Truro, but there is a complimentary breakfast and a complimentary bar so the price works out roughly the same.

The return flight from Heathrow to Newquay touches down [illegible] Plymouth. In the year to March, the airline carried 75,000 passengers on this route. It has other routes but because of recession and the Gulf war, which hit most airlines, Brymon had a very bad year. It expects a pre-tax loss of £1.3m for its last financial year on a turnover of £30m.

Usually, however, the Newquay to Heathrow route is very successful. The Dash-7s [illegible]ly at 68 per cent capacity and [illegible] than 90 per cent of the [illegible] are business people.

However, Brymon is worried [illegible] the decision of Mr Malcolm [illegible]ind, the Secretary of State [illegible] Transport, to take the [illegible]vice of the Civil Aviation A[illegible]thority and throw open [illegible]eathrow to new scheduled [illegible] charter [illegible].

[illegible]egional airlines such as Br[illegible]mon have been told they wi[illegible] retain landing rights at He[illegible]hrow. But Brymon is concer[illegible]d over an earlier statemen[illegible] by the British Airports Au[illegible]thority, owner of Heathrow, that "if there is any major rela[illegible]ion [illegible] access to Heathrow we may need to respond with [illegible]ricing factors, involving high[illegible] Heathrow charges".

Mr [illegible]alcolm Naylor, managing d[illegible]ector of Brymon, says "any [illegible] respecting supplier of a mo[illegible]oly product with unsatisfied [illegible]emand would do the same".

How[illegible]er, Brymon's fees at [illegible] have risen [illegible] per cent in the past five [illegible] and accoun[illegible] for one third of revenue o[illegible] this route. The airline does n[illegible] expect to be physically e[illegible]ted from Heathrow but Mr [illegible]ylor fears it could be priced o[illegible].

"It ha[illegible] got to be Heathrow. Around [illegible] per cent of our passengers [illegible] on from there to other de[illegible]inations in the US [illegible] East. Stansted and Gatwick [illegible] are no good for our need[illegible]" Mr Naylor says.

Stewart Dalby

PROPERTY

When the speculating had to stop

A YEAR and a half ago, at the height of the property boom, English Estates had just four of its 500-or-so properties available. Today, that figure has risen to more than 100.

Receiverships and [illegible]cies are an unfortunate occur[illegible] practically every [illegible] now, especially among small firms and Mr Richard Goldr[illegible] the corporation's [illegible] surveyor for Cornwall, says: "Times are difficult."

English Estates, a qua[illegible] that builds factories in [illegible] English assisted [illegible] and therefore has similar factory-building powers to those of the Scottish and Welsh development agencies, [illegible] only major developer of industrial properties [illegible] sites within the Duchy of Cornwall.

Mr Goldring adds: "There are a number of small builder-developers putting up a couple of [illegible] units on land they have probably bought from a farmer but most of them don't look further than 10 miles from home and are really looking to provide themselves with a pension from the income out of lettings." The private sector is very cautious, he [illegible]. It wants pre-lets where possible.

Even so, a number of small privately-owned business [illegible] can be found dotted aroun[illegible] county – at Launceston, Wadebridge and Bodmin, [illegible] instance. English Estates itself has 30,000sq ft in Falmouth and a much smaller, 6,000sq ft development in [illegible]. But business parks in general have been slow to develop reliable roots [illegible] the county compared with other areas of Britain.

Of the 500 properties in the duchy belonging to [illegible] Estates a large number were put up in the 1980s. When the upturn in the economy comes it will, therefore be well positioned to cater for demand, especially in the smaller units up to about 1,500sq ft where [illegible] casualty list has been [illegible].

[illegible] situation in the industrial market is reflected to a very [illegible] extent in the office and re[illegible]il sectors according to Mr Steve Lobb, partner in [illegible] Plymouth office. "The only place in the county that can sustain speculative office development is Truro," he [illegible] "The [illegible] is also about the only place where a healthy demand for retail outlets exists."

Truro stands out in these two sectors. Office rents have reached £12.50-13 a sq ft in the city which Mr Lobb describes as "pretty remarkable". Although prices have softened a little this year Maybey Developments South West has let the whole of Elizabeth House to the Employment Services Agency in the region of £12-13 a sq ft according to Mr Lobb.

Another government arm, the Inland Revenue, has bought the freehold of a 45,[illegible] ft [illegible] £6.1m but the county's main problem is there is no [illegible] market so that deals tend to be one-off.

Elsewhere, Sun Alliance has had a scheme on the stocks for some time in Truro in which [illegible] would [illegible] the anchor store and rents generally approach £80 a sq ft for zone A properties. This compares with £40 in St Austell, [illegible] Penzance [illegible] even lower in Newquay.

In St Austell, Guinea Properties had a £30m scheme for Aylmer Square but that is understood to have been sold on to Sovereign Land which is believed to be looking [illegible] a more modest scheme.

[illegible] retail [illegible] slightly more [illegible] and although most of the activity has again been centred on Truro there are signs that some of the bigger food chains are now looking more widely around [illegible] county. Sainsbury's decision to build on the old county hall site in Truro is considered a watershed within the market because it brings in one of the top groups.

Sainsbury is also thought to be looking at both St Austell and Falmouth.

It is in the far west of the county that the greatest difficulty arises in developing properties, according to English Estates' senior development [illegible] Mr Tony [illegible] [illegible]-Camborne [illegible] in particular has had a very difficult time over the past year. A number of companies such [illegible] Case, Strategic Alloys, Bryants Electrical and B & J Shoes [illegible]led out and filling the [illegible] is made all the [illegible] difficult, he claims, because the local authority, Kerrier, only wants manufacturing industry [illegible] sites in the area.

Mr Thomson believes that if it were poss[illegible] the market to [illegible] concerns it might be possible both to fill some of the factories and create jobs in an area of high unemployment. "Rents certainly become cheaper the further west into the county one goes, which should help [illegible] when the market picks up," [illegible] adds. At the moment industrial units attract about £3 a sq ft for those over [illegible] ft rising [illegible] about £6 fo[illegible] units of about 500 sq ft, thou[illegible] Estates introduces [illegible] of charging what the market will bear by charging slightly less for small rural properties.

Anthony Moreton

Fishery business becomes more competitive and specialised

Hopeful but not over-optimistic

TALK to any fisherman in Cornwall and he will tell you a tale of gloom and doom about the present, the future and, indeed, the past of the industry. That is, if he will talk to you. Fishermen across the country are an introspective breed, little given to talking to outsiders and rarely divulging the real truth.

More dispassionate observers are less gloomy, though. They point to an industry which has invested quite heavily [illegible] recent years and attracted younger men into it. They point to higher landings and the fact that Newlyn [illegible] the leading port, [illegible] terms of value of fish landed, in England.

"Conditions are not too bad at the moment," says Miss Elizabeth Stevenson, a partner in W Stevenson and Son, the leading agent in the county which with 35 vessels also runs the largest privately-owned fleet in the European Community.

"Quotas are reasonable and it is [illegible]sible to make quite a good living. [illegible]ditions were difficult at the start of [illegible] year with gales restricting fishing and the Gulf war pushing up fuel prices. But March was not too bad from a fishing point of view and oil prices have come back a bit from their peak. We are hopeful about the future if not over-optimistic."

She is supported by Mr Heugh Symons who with his partner Mr Steve Farrar runs the Blue Sail Fish company in Looe. "Fishing is going through a difficult time. Costs are rising all the time. Diesel, repairs, investment costs, interest rates all cost more all the time.

"But those who work hard, those who work long hours are those who succeed. There are people who make a good living from fishing but there are also those who are finding the going extremely tough."

A similar sentiment is expressed by Mr Ian Greet, managing director of Falmouth Fishselling (Falfish) in Falmouth. "The whole industry has changed over the last 10 years. Then the skippers went to sea, came back, [illegible] their catches and went home before the cycle repeated itself.

"Now the whole industry is much more professional. The skipper has to be a businessman as well as a fisherman to succeed. He has to compete against subsidised competition and the Spaniards registering as British and taking part of the quotas laid down by the European Commission that would otherwise have gone to British boats. He just has to be more sophisticated to exist given these conditions. Fortunately, he has become more sophisticated. A lot more sophisticated."

It is the role of the Spaniards, though, that is causing great concern. A large number of Spanish vessels, having inadvisedly over-fished their own waters, have now registered in Britain and fish in Britain's traditional grounds off the south western coast. Yet they land their catches in Spain.

"About 95 per cent of what the Spaniards catch is landed in Spain," Miss Stevenson says. "Yet their catches are part of the British quota laid down by the EEC. They are in fact catching part of our quota."

The industry is waiting to see the result of legal deliberations about this practice – and it is not optimistic about the outcome. If it goes badly against Britain then Cornwall could be hit badly and the industry suffer.

There are other concerns. The European Commission has stated that the fleet of the 12 member nations will have to be cut by as much as 40 per cent in the years after the opening of the single market in 1992. This comes on top of an overall European reduction in capacity of [illegible] per cent in tonnage and 2 per cent engine power in the years between 1987 and 1991.

Every skipper has also had to come to terms with overfishing in the 1970s, when the factory ships stood offshore and took almost anything that could be sucked out of the sea. The setting up of a conservation box around the coasts of the south west of England drawn up to protect the fish stock especially mackerel, was sensible but added to the pressures on boats and their owners.

Despite these problems the industry is in reasonable shape. Newlyn landed some £30m of fish last year and has around 200 boats working the port. Looe, a very much smaller port, has 40 boats working and the market there handles some of the landings from nearby Mevagissey and Polperro.

Landings in Looe last year rose by 2 per cent to £[illegible]m and with the overland catches, that is fish brought in to the market from Mevagissey and Polperro, there is a 3.6 per cent rise to £2.799m.

Handling the catch has been much improved following an investment programme by the harbour commissioners who were assisted by the Rural Development Commission and Euro money. The auction house was rebuilt and new harbourside [illegible] put in.

Even with all the latest equipment on the boats [illegible] well as onshore improvements, though, a touch of luck comes in handy occasionally. Just before Christmas some of the Looe boats struck it really lucky. Their catch one day turned out, to their surprise, to be bass, an upmarket fish admired in Paris as well as London.

One boat came in with a catch worth £64,000, enough to give them a very nice Christmas. For the port as a whole bass catches amounted to £850,000 last year. Had it not been for good bass catches Mr Symons says the actual value of fish landed in Looe last year would have fallen slightly rather than risen. Even so, the actual 2 per cent rise was lower than inflation and so in real terms the port slipped slightly.

Around the rest of the coast there are a number of smaller ports such as Padstow and Port Isaac that may have as few as half a dozen vessels based in them. Many of these will be fishing for lobster and crab, fish on which the margin of profitability is much greater.

During the season – from about now until October, depending [illegible] weather – two or three Vivier lorries, which have glass fibre tanks necessary to carry live shellfish, are in Cornwall every day to take the catch to continental markets. Once their main destination was Paris but now it is Spain.

Overfishing has, however, cut the catch and volumes, Mr Greet believes, have probably dropped by about a half over the past five years, a symptom of the changes with which the Cornish fishermen have had contend.

Anthony Moreton

Tourism becomes the county's biggest employer

Sea, sun and sand

FROM the [illegible] beaches of the wild north [illegible] the rocky inlets and bays of the south, [illegible] in the UK can offer [illegible] variety of Cornwall whether [illegible] focus on fishing out of the picturesque villages like Mevagissey and Looe on the south or surfing on the huge strands at Newquay and elsewhere on the northern shore, or building sandcastles or walking along the rugged cliffs.

The Scilly Islands in the far west also attract great attention. It takes two hours to reach them by boat from Penzance; 15 minutes by fixed wing aircraft; and 22 minutes by helicopter. Inland there is the beautiful Bodmin Moor, and lots of other stunning [illegible].

Accordingly, Cornwall remains one of the favourite holiday spots in Britain. A plan drawn up for the Tourism Action Plan Programme estimates that with more than 3m visitors Cornwall in 1989 was the seventh busiest holiday county in England in terms of holiday trips, second after Devon for numbers of holiday nights; and third largest recipient of holiday spending after Devon and London.

Following the collapse of tin mining and other manufacturing activities, tourism is Cornwall's most important industry. A University of Bradford study undertaken in 1987 reckoned it accounted for 33,042 jobs and the British Tourist Authority in 1986 put the number at 33,603. This is about 21 per cent of all jobs in Cornwall, more than twice the level estimated to be employed in the tourism industry in Devon. More than half these jobs were full time.

In 1989, total tourism expenditure was put at £585m by the English Tourist Board. In addition to hotel bills, this included cash spent [illegible] shops and [illegible]rants, on self-catering [illegible] ancillary professional services.

In spite of the apparent buoyancy, however, all is not entirely well. Cornwall clearly continues to attract lots of visitors. For example, almost one third of all holiday makers are perennial returners. Almost one third also go to Newquay. [illegible] are predominantly young people for its [illegible] life as well [illegible] its go long [illegible].

But historically the industry has been in decline. At the end [illegible] the 1970s [illegible] were nearly 4m visitors and £350m was spent [illegible] 1979. Given inflation and the more [illegible] criteria on which spending [illegible] calculated this was probably [illegible] capita more than today.

The reasons for the decline, also found in [illegible] British resorts, are that [illegible] advent [illegible] tour to the [illegible] Del Sol replaced the British old style, long-stay, bucket and spade summer holiday. People turned [illegible] Europe and beyond.

Partly [illegible] arrest [illegible] trend long-a three year [illegible] Development Action Programme [illegible] in [illegible]

Visitors to Land's End now stay longer and spend more money

look at the possibili[illegible]

A joint [illegible] English Tourist Board [illegible] the local [illegible] and tourism organisations, the TDAP, found that while long holidays are not [illegible]nerally increasing in numbers [illegible] value, [illegible] types of tourism [illegible]

[illegible] an [illegible] length [illegible] of [illegible] days, longer than [illegible] compared to [illegible] such [illegible] Brighton and Bournemouth.

The TDAP [illegible] out [illegible] develop [illegible] and [illegible] tourism [illegible] more [illegible] stay and develop [illegible] outside of the main season. It has attempted to improve, grade, develop and [illegible] accommodation the visitor needs. It [illegible] improve tourist information centres, and sign-posting to target [illegible] heritage centres, [illegible] just [illegible]tles, fine old [illegible] and maritime [illegible] but also industrial museums and [illegible].

It [illegible] helped [illegible] Cornwall [illegible] which [illegible] identified [illegible] different kinds of specialist holidays which can be taken in Cornwall. They range from fishing and bird watching to brass rubbing, flower collecting and Cornish [illegible] courses.

Some developments have taken place independently, [illegible] as the upgrading of Land's End by one of Mr Peter de Savary's companies. According [illegible] one of Mr de Savary's colleagues, when the group bought the 120 acres of Land's End in [illegible] £7m it was virtually derelict and cliff [illegible] made many of the walks unsafe. It has spent £4m on shoring up the cliffs, refurbishing the hotel and building a heritage centre.

Land's End still attracts [illegible] visitors a year, its pre-[illegible] total. But while they used to stay only eight minutes, during which they might buy little more than a postcard, they now stay for nearly three hours [illegible] spend £6 per head.

Another example of value being [illegible] at Falmouth, where Mr De Savary has built a marina and flats.

The most striking development, however, has been in the growth of self-catering holidays. [illegible] are no longer [illegible] in the old-style post second world war prefabs or parked caravans, but in [illegible]tages and houses bought [illegible] investments and/or [illegible] homes. They are usually renovated [illegible] high standard. [illegible] have bought groups of them, which [illegible] managed by agencies.

But even a single cottage owner can run it as [illegible] and [illegible] all [illegible] against income (even interest on loans to buy [illegible] capital gains [illegible] until [illegible]

The conditions are that the house be let for at least 140 days a year and that no single tenancy should exceed 31 days in any seven months.

As a result of the mushrooming of these houses and cottages, 60 per cent of all holidays in Cornwall [illegible] now taken in self-catering units and the season has been lengthened.

The self-catering holidays have become equally controversial for a different reason. Local people do not like outsiders bidding up property prices thereby putting them beyond the reach of young residents.

Although Cornwall's tourism is changing and the decline appears to have been arrested, through self catering and the growth of foreign and other visitors, it has not been without cost in some Cornish eyes.

Stewart Dalby

Cornwall pioneers training schemes

A policy for youth

BRITAIN'S first Training and Enterprise Council, for Devon and Cornwall, was established just over [illegible] year ago [illegible] the [illegible]nning of April 1990.

The Councils (known as Tecs) are a mechanism for giving [illegible] businessmen and employers a greater involvement in recruitment and training.

They took over responsibility, from the government's Training Agency, for [illegible] major unemployment schemes, the Youth Training [illegible] (YTS) and Employment Training (ET) for the older long-term jobless. (The Training Agency, which has its [illegible] in Sheffield, was previously the Manpower [illegible] Commission.)

The Devon and Cornwall Tec consists of a main board in Plymouth and five area boards (Tabs), including one Cornwall.

The Tabs also offer business advisory services, administer enterprise allowances and run a programme of business seminars.

The two big employment programmes took the lion's share of spending, probably around £20m for the YTS in the last 12 months and [illegible] for all the TE.

Some 7,500 youngsters have [illegible] the YTS [illegible] by the Devon and [illegible] other young people from the area, including some in the Cornwall Tab area, [illegible] part in nationally administered schemes.

[illegible] numbers of people [illegible] with employment training are [illegible] assess. Some people have been involved [illegible] hours going along and seeing what the scheme meant. However, at any given time the last year there were probably around 5,000 tied in some way with employment training.

This year the Devon and Cornwall Tec has an overall budget of [illegible].7m, of which £29.6m will be spent on young people and [illegible]9.7m on adults. The rest will go on management costs, business programmes and local initiatives. Roughly two-thirds of the total will be spent in Devon and one-third in Cornwall.

The YTS and the ET have been criticised as being too broad based and insufficiently interested in training. They were aimed chiefly at alleviating unemployment, and some employers, it is said, saw the YTS as a pool of obtaining cheap labour.

Young people who entered the YTS complained that it was just a way of denying them unemployment benefit. By giving young people YTS money instead of the dole the unemployment figures were made to look better. While there was theoretically a retraining [illegible] in the job [illegible] which they were directed, this was not always so in practice.

The YTS gave way to youth training and this in turn is now being replaced by another more wideranging scheme – Training Credits. This involves the careers service office, which is part of the local education authority, employers' organisations, [illegible], licensed providers, approved [illegible] and, of [illegible] the young [illegible] themselves.

The [illegible] when a young person goes to the careers advisory service. An action plan for work and training is then drawn up. If the youngster is lucky enough to find a job straight off the employer gets together with the employee and the approved trainer to organise the job and the training and the voucher (or "credit") is triggered. The credit can be anything from £1,000 to £4,500 depending on time and qualifications aimed for.

If no job is immediately on offer the young person takes his action plan from the career service to a licensed provider. This person makes an assessment and transitional training is given until the right kind of job is found, and the voucher is put into effect

In practice the process should be less tangled than it sounds. But there are problems.

So far in Cornwall, the Tab has appointed six licensed providers and some 90 bodies have applied to become approved trainers. Around 30 have been approved so far.

One is Cornwall College, a college [illegible] further education, which [illegible] reputation for adapting to the changing [illegible] education. (It can [illegible] organise some degrees courses in association with the Polytechnic in Plymouth.)

Its unconventional approach is reflected in its use of a a 60 ft long bus equipped with a video computer, 12-seat lecture room and some catering facilities, which physically takes the school to the pupils.

Cornwall has a distinct pattern of unemployment. Its 10 per cent seasonally adjusted rate is one of the highest rates in the country. It also has among the lowest wage rates. With the tin mining industry collapsing and English China Clays, one of the largest manufacturing concerns laying off 750 people, there are particular problems among the older unemployed. The Tab is trying to address these specific problems. Approved trainers such as Cornwall College can help by acknowledging that the major industry is now tourism, and by tailoring its courses and training accordingly.

Stewart Dalby

FINANCIAL TIMES
RELATED SURVEYS

PLYMOUTH	Nov 27 1990
PORTSMOUTH	Jan 25 1991
ESSEX	Apr 11 1991
BUSINESS PARKS	Apr 19 1991
CARDIFF	May 1991
BIRMINGHAM	May 1991
GREATER MANCHESTER	June 1991
GATWICK BUSINESS AREA	June 1991
THE FENLANDS	July 1991
WALES	Sept 1991

FOR ADVERTISING INFORMATION CONTACT BRIAN HERON
061-834-[illegible]
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AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30¾	20⅞	Abbott Laboratories‡	30½	–⅛	$1.00	–	1.9
363p	257p	♦Allegheny & W 1c	316p	+18	30c	–	5.7
972p	667p	Amdahl 5c	946p	+6	10c	–	0.6
34⅞	25¼	Amer. Cyanamid $5	34⅞	+½	$1.50	–	2.5
17⅞	9⅞	Amer. Express 60c	17⅜	+⅛	92c	–	3.0
22⅛	15¼	American T. & T. $1	22⅛	+⅜	$1.32	–	3.5
38⅞	32½	Ameritech $1	38⅛	+¼	$3.16	–	4.9
273p	167p	♦Asiamerica Equities‡	262p	–1	–	–	–
22¼	12⅛	BankAmerica $1	22¼	+¼	$1.20	–	3.1
28⅞	20⅛	Bankers N.Y. $1	28½	+¼	$1.52	–	10.1
29⅞	24⅛	Bell Atlantic $1	28⅞	+⅛	$2.36	–	4.8
31¼	25	BellSouth Corp.	30½	.....	$2.68	–	5.2
8½	6⅞	♦Bethlehem Steel $8	8⅛	+⅛	40c	–	2.9
1536p	1046p	Bowater Inc.	1523p	+3	$1.20	–	4.7
8⅝	4½	Brunswick 75c	8⅛	.....	44c	–	3.2
50¼	37⅞	CPC Intnl. 25c	49½	+¼	$2.00	–	2.4
850p	420p	California Engy	850p	+11	–	–	–
49⅞	28¼	Campbell Soup 15c	48⅞	–⅞	$1.16	–	[illegible]
11½	5⅛	Chase Manhattan $12½	11½	+⅛	$1.20	–	6.2
8⅞	5½	Chrysler $6¼	8⅞	+⅛	60c	–	4.0
9[illegible]	5⅞	Citicorp $1	9⅛	+⅛	$1.00	–	6.3
4[illegible]	34⅞	Colgate-Palmolive $1	47⅛	–⅛	$2.12	–	2.7
81[illegible]	438p	Cont'l Bank Corp $4	813p	+8	$1.00	–	[illegible]
8[illegible]	45p	♦Corporate Data Sence	85p	.....	–	–	–
18¼	13⅞	Data Corp. $1	18¼	+⅜	$1.60	–	5.0
975p	203p	Data General	975p	.....	–	–	–
29	20¼	Dun & Bradstreet $1	29	+1	$2.16	–	4.4
34¼	24¼	Eaton Corpn. 50c	34¼	–½	$2.20	–	–
7½	5½	Echlin Inc.	6⅛	.....	70c	–	[illegible]
17⅞	14⅞	FPL Group 1c	17⅛	.....	$2.36	–	[illegible]

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

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LEISURE

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
452	158	Airtours 10p	443	+44	8.25	3.1	2.5	17.5
113	73	Allied Leis. 5p	101	–1	4.75	3.5	6.4	7.0
246	185	Anglia TV	195		9.20		6.3	
31	26	Avesco 1p	26		1.5	3.9	7.7	3.6
9	4½	BCE Hldgs 5p	5½		–	–	–	–
179	123	Barr & W.A.T. 'A'	178	+2	9.75	1.6	8.0	10.6
685	425	Boosey & Hawkes	670		16.4	2.7	3.3	13.4
40	24	Border T.V.	39		2.1	1.1	7.2	17.5
88	46½	Brent Walker 10p	62	–2	15.0	6.9		0.5
28	17	Do 6pc Cv Cm Rd Pf £1	21	–1	6.0	–	38.1	–
59	43	Buckingham Int'l. 10p	49		2.1		5.7	
336	183	Campari Int. 20p	336	+1	11.0	2.9	4.4	9.2
208	134	Capital Radio 2½p	202	–1	5.25	2.9	3.5	13.3
503	350	Carlton Comms 5p	459	+11	14.1	2.9	4.1	11.0
81	61	Do. 6.5p Prf 5p	76	+1	6.5	–	11.4	–
253	168	Castle Comms. 5p	248	–3	8.5	1.7	4.7	16.1
575	480	Central ITV	569		28.5	2.6	6.7	7.6
142	120	Chiltern Radio 10p	138		4.8	2.6	4.6	10.6
89	39	Chrysalis	79		s2.0	–	3.4	–
69	39½	Cityvision 5p	52		1.0	7.0	2.6	6.9
5½	3	Classic TV'hres Fr0.20	5½		–	–	–	–
468	361	Compass Group 5p	433		10.35	2.8	3.2	15.1
1210	908	Euro Disney Fr10	1159	–17	–	–	–	–
30	13	European Leis. Ir25p	22	+1	1.7	2.2	10.5	3.6
37	22	Ex Lands 10p	37		–	–	–	–
47	21½	Expedier 20p	41		20.5		1.6	9.1
563	405	Fairline Boats 10p	548	–7	21.0	4.1	5.1	6.4
276	188	First Leisure	264		5.05	2.6	2.5	18.1
253	195	GWR Group 20p	237		6.0	3.2	3.4	12.4
75	68	Grampian TVA 10p	72		3.5	2.9	6.5	7.0
8	6	Greenwich Comm. 1p	7		–	–	–	–
63	36	HTV Ord	49	–1	3.75		10.2	
137	55	Hi-Tec Sports	129	+4	4.5	2.5	4.7	10.7
[illegible]								

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
100	78	Allied London 10p	92		3.53	0.8	5.2	(33.5)
95	75	Do. 5½pc Cnv Rd Pf £1	89		5½%	–	8.6	–
43	27	Anglo-Park Grp. 35p	38	+2	†3.0	1.2		(8.0)
90	80	Arcadian Intl	86		†4.0	0.4		–
106	66	Asda Property 20p	103		1.85		2.4	
85	60	Do 5½pc Cn Pf £1	86	–1	5½%	–	8.5	–
32	18	BDA Hldgs. 10p	24		–	–	–	–
48	30	BHH Group 50p	45	–1	1.0	–	3.0	–
68	45	Baker Hrris Snds.10p	56		†4.5	0.7		16.8
71	58	Barlows 10p	58		2.48		5.9	
433	325	Bilton (Percy)	409	+15	17.44		5.7	
68	51	Bolton Grp. 5p	64		–	–	–	–
85	48	Bourne End Prop.	50		2.0		5.3	
150	115	Bradford Prop. 5p	144		13.2	2.9	3.0	15.5
88	65	Bredero Props.	73		2.4	2.7	4.4	9.2
94	57	Britannia Grp. 5p	70	–3	3.0	1.2	5.7	19.4
330	255	British Land	291	–1	†5.25	1.8	2.4	30.6
£113	£104	Brit. Land 8½pc Cv	£105		8½%	–	8.2	–
188	151	Brixton Estate	171	–3	7.1		5.7	
48	35	Burford Hldgs 1p	40½			1.9	2.8	24.7
18	10	Cabra Ests.	13½	–1		3.3		3.1
366	290	Capital & Counties	365	–1		1.8	4.8	14.8
95	77	Do 5¼pc Prf £1	94	–1	5.75%	–	8.2	–
135	110	Cap. & Reg. Prop.	128		0.9		0.9	
325	275	Cardiff Prop 20p	288		2.4	2.5	1.1	46.1
640	475	Chesterfield	603		†17.6	2.0	3.9	16.2
95	70	Do. 5.25p Cv Cm Pf £1	88		5.25	–	8.0	–
59	44	Christie Grp 2p	59		†2.8	1.3		15.7
160	105	City Site Estates	135		1.92	–	1.9	–
60	27	Clarke Nickolls	68		0.75	3.0	1.7	21.4
92	47	Clayform Props 5p	53		†10.0	3.3		1.6
9	2	Do. Warrants	2		–	–	–	–
725	650	Compco Hldgs 20p	650		12.06	3.2	2.7	15.9
[illegible]								

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT – Contd

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST – Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

IRISH

[illegible]

TRADITIONAL OPTIONS

3-month call rates

Industrials

[illegible]

Property

[illegible]

Oils

[illegible]

Mines

[illegible]

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	49.62	49.62xd	53.06	+1.38	6.54
Gilts & Fixed Int	6	113.0	113.0xd	119.9	+0.2	9.59
High Inc Equity	6	156.1	139.7xd	148.6	-0.7	5.72
Worldwide Bond	6	208.3	208.3xd	220.8	+1.2	6.79
Capital Growth						
American Growth	6	203.2	203.2	217.[illegible]	+4.7	1.21
Asian Pacific	6	190.9	133.6	142[illegible]	+2.3	.14
Assets & Earnings	6	175.9	179.8	191[illegible]	-0.6	2.90
Capital Reserve Acc	0	104.2	104.2	104[illegible]	+0.1	7.28
Capital Reserve Inc	0	82.41	82.41xd	82.4[illegible]	+0.07	7.28
Commodity & Energy	6	79.22	79.22xd	84.72	+1.17	.89
1992 Enterprise	6	64.56	64.56	69.04	-0.16	[illegible]
Euro Capital Acc	6	88.96	88.96	95.14	+1.01	1.[illegible]
Euro Capital Inc	6	85.00	85.00xd	90.90	+0.96	1.43
General	6	171.6	171.6xd	183.5	-0.8	2.72
Japan	6	104.0	104.0	111.2	+0.6	—
Mastertrust	6	90.72	90.72	97.02	+0.38	2.17
UK Growth Acc	6	161.0	161.0	172.1	-0.5	2.16
UK Growth Dist	6	103.4	103.4xd	110.5	-0.4	2.17
US Emerging Cos	6	66.49	66.48	71.10	+1.61	—
Income & Growth	6	309.4	309.4	330.9	-2.1	4.35
Ethical	6	50.60	50.60	54.11	-0.22	3.01
International	6	63.09	63.94	68.02	+0.51	1.43
Dividend & Growth	6	49.65	50.86	54.10	-0.19	5.55
Global Gwth & Sec	6	51.13	51.45	54.73	-0.05	1.83

Aberforth Unit Trust Managers Ltd (1600)F
16 Chester St, Edinburgh EH3 7RA 031 220 0733

UK Small Cos	0	970.00	970.00	1011.00	-3.01	—

Abtrust Unit Trust Managers Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

Amer Inc & Growth	5¼	30.25	30.25xd	32.13	+0.47	2.49
Cash	—	50.72	50.72xd	50.72	+0.01	12.39
European	5¼	72.9[illegible]	[illegible]	77.04	+0.23	0.00
European Income	5¼	75.40	[illegible]	80.00	+0.34	1.94
Exempt	1	743.1	[illegible]	768.1	-2.60	3.09
Exempt Income	3¼	170.9	[illegible]	181.4	-0.9	4.67
Exempt American	3¼	363.[illegible]	[illegible]	378.5	+6.3	1.51
Exempt Pacific	3¼	239.6	[illegible]	250.4	+2.3	1.98
Extra Income	5¼	39.85	[illegible]	43.07	-0.21	5.81
Far East Emerg Econs	5¼	54.06	[illegible]	58.11	+0.44	1.10
Fund Inv Tst	5	113.[illegible]	[illegible]	123.1	[illegible]	1.40
Fund Inv Tst Acc	5	[illegible]	[illegible]	195.[illegible]	[illegible]	1.40
Gilt & Fixed Int	5¼	[illegible]	[illegible]	17[illegible]	[illegible]	11.09
Japan	5¼	[illegible]	[illegible]	177[illegible]	[illegible]	0.00
Pacific	5¼	[illegible]	[illegible]	40.7	[illegible]	0.37

Bishopsgate Progressive Mgmt Co (12[illegible])H
15 St James' Place, London SW1A 1NW 071-493 [illegible]

Progressive Inc	5	19.23	19.23	20.30	—	[illegible]
Progressive Acc	5	28.98	28.98	30.59	—	[illegible]
International Inc	5	20.44	20.44	21.57	—	1.[illegible]
International Acc	5	27.16	27.16	28.66	—	1.2
Can & Foreign Inc	5	237.6	237.6xd	250.8	+4.4	0.8
Can & Foreign Acc	5	284.0	284.0	299.7	+5.1	0.8
Special Sits Inc	5	207.7	207.7	219.2	—	1.7
Special Sits Acc	5	225.6	225.6	238.1	—	1.7
PEP Inc	5	128.7	130.8	138.0	—	1.35
PEP Acc	5	137.4	139.7	147.4	—	1.35
Growth Inc	5	82.65	82.65	87.23	+1.05	0.88
Growth Acc	5	82.99	82.99	87.59	+1.06	0.88

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6441

Dolphin Capital	5¼	132.0	132.0	141.1	+0.2	3.63
Dolphin Dividend	5¼	62.07	62.07	66.38	-0.16	5.91
Dolphin Int Gilt Inc	5¼	159.0	159.0	170.0	-0.3	3.67
Dolphin UK & Gen	5¼	32.74	32.95	35.24	-0.16	2.32
Dolphin Fund of Funds	—	—	—	—	—	—

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

Balanced Growth	6	74.75	74.75xd	79.95	-0.30	3.19
Do (Accum)	6	79.01	79.01	84.51	[illegible]	3.15
Service Cos	6	63.17	63.17	67.56	-1.31	1.95
Do (Accum)	6	65.76	65.76	70.33	-1.36	1.95
Income Growth	6	47.44	47.44	50.74	-0.24	4.36
Do (Accum)	6	64.71	64.71	69.21	-0.32	4.36
Higher Yield	[illegible]	[illegible]	32.89xd	35.17	-0.29	4.49
Do (Accum)	[illegible]	[illegible]	41.21	44.07	-0.36	4.49
American Gth Inc	[illegible]	[illegible]	31.63	33.83	+0.26	1.51
Do (Accum)	[illegible]	[illegible]	32.23	34.47	+0.27	1.51
European Growth	[illegible]	[illegible]	25.95	27.76	-0.05	1.55
Do (Accum)	[illegible]	[illegible]	26.45	28.28	-0.05	1.56
Global Bond Inc	[illegible]	[illegible]	22.95	24.55	-0.04	6.28
Do (Accum)	[illegible]	[illegible]	25.81	27.61	-0.04	6.28
Managed P'folio Inc	[illegible]	[illegible]	25.05	26.79	-0.08	—
(Do Accum)	[illegible]	[illegible]	25.05	26.79	-0.08	—

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5

Mngd P'folio Inc	6	83.91	83.91	89.7[illegible]	+0.24	2.24
Mngd P'folio Acc	6	152.5	152.5	[illegible]	+0.40	—
UK General	6	117.7	117.7xd	[illegible]	-0.90	4.04
Conv & General	6	19.42	19.42xd	[illegible]	+0.02	9.16
European Inc	6	20.66	20.66	[illegible]	+0.22	0.51
European Acc	6	21.12	21.12	[illegible]	+0.22	—
Exempt	3	286.3	286.3	302.7	-0.70	4.42
Financial	6	116.1	116.1	123.6	[illegible]	[illegible]
German	6	36.12	36.12	38.73	[illegible]	[illegible]
High Income	6	69.44	69.44xd	74.16	[illegible]	[illegible]
Income	6	100.5	102.6xd	110.7	[illegible]	[illegible]
Intl Income	6	86.17	86.17	91.77	[illegible]	[illegible]
Intl Growth ‡	6	28.51	28.51	30.36	[illegible]	[illegible]
Monthly Income	6	58.39	60.14	64.05	[illegible]	[illegible]
North American	6	75.68	76.27	81.23	[illegible]	[illegible]
Orient ‡	6	114.3	114.3	122.9	-0.[illegible]	[illegible]
PEP	5	62.02	62.84	66.92	-0.[illegible]	[illegible]
Recovery	6	34.59	35.22	37.89	[illegible]	[illegible]

NW Investment Managers Ltd (0659)F
4b Court St, Haddington, E. Lothian 062 082 3567

NW Joint Investors	0	2056.6	2056.6	2086.6	—	4.60

Maiden Unit Trust Managers Ltd (1400)F
135 St Botolph St, London EC3A 7EE 031 226 4066

Maiden Central	0	120.2	120.2xd	123.3	—	4.72

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers: 071-826 0826 Enquiries: 071-826 0123

American Gwth	5¼	146.8	146.8	158.1	+4.4	0.97
European Gwth	5¼	196.4	196.4	209.9	+1.0	0.00
Intl Gwth	5¼	147.3	147.3	156.6	+1.6	0.00
UK Equity Inc	5¼	118.4	118.4xd	127.7	-1.1	6.31
UK Equity Acc	5¼	133.3	133.3xd	143.8	-1.3	6.32
UK Ind Tracker Inc	5	120.9	120.9	129.1	-0.5	3.87
UK Ind Tracker Acc	5	129.2	129.2	138.0	-0.5	3.87
US Eq Ind Tracker Inc	5	144.2	144.2xd	154.6	+4.0	2.99
US Eq Ind Tracker Acc	5	148.9	148.9xd	159.6	+4.1	2.89
Japan Tracker	5	64.60	64.60	69.52	+0.65	0.00
Asian Tracker	5¼	85.89	85.89xd	91.96	[illegible]	[illegible]
Managed Inc	5¼	99.40	99.40	106.9	[illegible]	[illegible]
Managed Acc	5¼	100.6	100.6	108.2	[illegible]	[illegible]
Cash Inc	0	100.44	100.44xd	100.44	[illegible]	[illegible]
Cash Acc	0	107.26	107.26xd	107.26	[illegible]	[illegible]
Europa	5¼	102.7	102.7	110.2	[illegible]	[illegible]

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AD 081-686 9818

Exempt Unit Tst	4	118.09	118.09	125.83	-0.26	2.60
Exempt Smllr Cos	3¼	225.05	225.05xd	234.22	+0.26	1.40

Guide to pricing of Authorised Unit Trusts
Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. [illegible]

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. [illegible]

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. [illegible]

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 - 379 - 0444.

[illegible]

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged [illegible] 45p per minute [illegible] 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1500)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American	5	303.7	303.7	324.4	+4.0	1.34
(Accum Units)	5	355.3	355.3	379.5	+4.7	1.34
British	5	788.6	788.6xd	834.4	+1.7	3.76
(Accum Units)	5	1262.5	1262.5	1339.8	+2.7	3.76
European	5	334.0	334.0	356.0	+1.4	1.51
(Accum Units)	5	358.0	358.0	381.6	+1.5	1.51
Japan	5	123.4	123.4	131.5	----	-
(Accum Units)	5	124.3	124.3	132.5	----	-
New Pacific	5	168.9	168.9	179.7	+2.2	2.25
(Accum Units)	5	170.2	170.2	181.1	+2.2	2.25
PEP	5	131.0	133.2	141.8	----	3.60
Mngd Equity	5	120.6	122.4	129.5	----	3.61
Mngd Equity Acc	5	124.8	126.6	134.0	----	3.61
Mngd Cash	5	95.95	95.95xd	100.7	----	11.95
(Accum Units)	5	111.2	111.2	116.7	----	11.95
Mngd Fixed Int Acc	5	118.5	118.5	125.5	----	6.66
Majority Stlg	1	99.84	99.84xd	100.83	+0.02	11.21
Majority Stlg Acc	1	102.63	102.63	103.65	+0.02	11.21
Sharebrand Intl Inv Mngrs Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
International Apr 15	0	49.74	49.74	50.25	----	3.44
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
Sun Alliance House, Horsham 0403 56293						
Equity	6	586.9	594.9	636.3	-1.6	3.37
North American	6	78.09	78.09	83.52	+1.01	1.29
Far East	6	97.13	97.13	103.9	+0.9	1.06
W'wide Bond	6	46.30	46.30xd	49.26	+0.45	6.79
W'wide Financial	6	35.50	35.50	37.97	+0.09	3.73
W'wide Technology	6	42.59	42.59	45.55	+0.13	2.99
European	6	66.22	66.22	70.82	+0.35	1.54
Equity Income	6	70.25	70.25	75.13	-0.31	5.38
Portfolio	6	58.15	58.15xd	62.19	+0.24	3.40
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingview, Basingstoke, Hants 0800 525725						
American Growth	6	25.88	25.88	27.68	+0.48	0.75
Managed Assets	6	104.21	104.71	111.99	-0.12	5.25
UK Income	6	34.71	35.24	37.69	-0.20	7.28
UK Growth	6	33.51	33.97	36.34	-0.18	2.86

	Bid Price	Offer Price	+ or -	Yield
COIF–Charities Official Inv Fd‡‡				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Income Apr 2	518.75	523.48	----	5.48
Accum Apr 2	[illegible]	[illegible]	----	-
Fixed Int Income Apr 2	110.75	110.97	----	10.45
Fixed Int Accum Apr 2	120.10	120.34	----	-
Deposit Account: See Money Market Trust Funds				
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American Apr 24	158.8	163.2xd	+5.9	1.58
Managed Apr 24	142.3	147.6xd	-0.3	[illegible]
Japan Apr 25	124.6	128.0	-0.3	0.08
Sm Jap Cos Apr 26	590.0	606.2	+13.3	0.08
Fidelity Investment Services Ltd				
Mngd Pens P'folio	130.7	134.7	+0.50	3.84
Robert Fleming Asset Mngmt Ltd				
Am Exempt	£473.49	482.99	+2.08	1.57
Con Exempt	£130.90	134.84	+0.12	4.09
Jap Exempt	£503.95	513.99	[illegible]	0.74
Pacific Exempt	£99.46	101.44	[illegible]	2.63
Contl Euro Exempt	£96.01	97.87	[illegible]	2.06
National Exempt Apr 25	£126.80	129.95	[illegible]	4.62
Amer Indxd Exmt Apr 25	£105.05	106.30	[illegible]	2.60
Japan Indxd Exmt Apr 25	£68.42	69.79	[illegible]	0.36
Euro Indxd Exmt Apr 25	£95.68	97.60	[illegible]	2.87
O'seas Indxd Exmt Apr 25	£100.88	103.11	[illegible]	2.17
Funds in Court*				
Capital Apr 18	503.17	505.47xd	----	2.64
Gross Apr 18	191.64	192.61	----	8.83
High Yield Apr 18	303.58	305.16	----	6.33
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	51.75	52.83xd	-0.08	[illegible]
INVESCO MIM Management Ltd				

	Bid Price	Offer Price	+ or -	Yield Gross
Assicurazioni GENERALI SpA				
117 Fenchurch St, London EC3M 5DY 071-488 0733				
Hambro Generali UK Gth	147.5	155.3	----	-
Hambro Generali Ppty	145.4	153.2	----	-
Hambros Canadian	107.1	112.8	----	-
Hambros Equity Inc	138.1	145.4	----	-
Hambros European	149.7	157.6	----	-
Hambros High Income	161.3	169.8	----	-
Hambros Jap & Far East	142.3	149.7	----	-
Hambros Nth American	161.6	170.2	----	-
Hambros Scandinavian	162.4	171.0	----	-
Hambros Smaller Cos	146.2	154.0	----	-
Generali Intnl Managed	485.2	510.7	----	-
Legal & General (Unit Pensions) Ltd				
Kingswood House, Kingswood, Tadworth, Surrey 0737 370370				
Ex. Bldg Soc Linkd	152.7	160.8	----	-
Do Accum	189.4	199.4	+0.1	-
Exempt Cash Init	273.2	287.6	----	-
Do. Accum	427.1	449.6	+0.1	-
Exempt Eqty. Init	853.4	898.4	-2.0	-
Do. Accum	1334.0	1404.3	-3.1	-
Exempt Euro Init	169.7	178.7	+1.1	-
Do. Accum	204.0	214.8	+1.3	-
Exempt Far East Init	225.7	237.6	+1.2	-
Merchant Investors Assurance Co Ltd – Contd.				
MI Fidelity Fd	144.4	152.0	+0.6	-
MI Fid American	151.5	159.4	+1.7	-
MI Fid European	199.4	209.8	+1.1	-
MI Fid Int Spec Sits	187.5	197.3	+1.1	-
MI Fid Japan	134.2	141.2	-2.4	-
MI Fid Pacific	168.4	177.2	+1.1	-
MI Fidelity UK	156.5	164.7	+0.4	-
MI Fram Inc & Growth	204.9	215.6	-0.8	-
MI Fram Intl Growth	175.4	184.6	-0.5	-
MI Fram Japan & Gen	245.3	258.2	-0.7	-

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	105.0	110.6	+0.1	-
Pension Managed Fd	101.9	107.3	+0.3	-
Life Deposit Fd	106.2	111.8	....	-
Pension Deposit Fd	110.9	116.8	+0.1	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395339

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	111.1	122.2	....	-
Managed Growth	138.4	152.4	....	-
Managed Opportunity	138.4	152.6	....	-
NFMC Target Financial	102.0	109.1	....	-
Pension Funds				
Managed Cautionary	119.8	131.2	....	-
Managed Growth	145	159.5	....	-
Managed Opportunity	139	153	....	-
NFMC Target Mngd Pen	1505.3	1636.2	....	-

National Mutual Life
The Priory, Priory [illegible], Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	162.4	[illegible]	....	-
UK Equity	170.1	[illegible]	....	-
Overseas Equity	139.3	[illegible]	....	-
Fixed Interest	143.3	[illegible]	....	-
Property	130.9	[illegible]	....	-
Index Linked	147.5	[illegible]	....	-
Deposit	154.4	[illegible]	....	-
With Profits (B)	127.1	133.8	....	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	352.2	370.8	+0.5	-
UK Equity	442.3	465.6	-1.6	-
Overseas Eq	351.5	370.0	+3.3	-
Americas	287.6	302.8	+5.2	-
Far East	384.4	404.7	+2.3	-
Property	194.0	204.3	....	-
Fixed Int	256.5	270.1	+0.3	-
Indexed Gilt	154.1	162.3	....	-
Deposit	179.8	189.3	+0.1	-
Pension Fund (Accum Units)				
Managed	495.9	522.1	+0.3	-
UK Equity	580.4	611.0	-1.5	-
Overseas Eq	583.4	614.2	[illegible]	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	153.5	162.5	....	-
Accum Equity	219.0	231.0	....	-
Accum Managed	227.0	239.5	....	-
Accum Five Star	171.0	180.5	....	-
Accum World	123.0	130.0	....	-
Accum Lifetime	111.6	111.6	-0.5	-
Pens Acc Equity	238.0	251.0	-0.5	-
Pens Acc Managed	284.5	300.0	....	-
Pens Acc Intl	214.0	225.5	+1.0	-
Pens Acc Deposit	196.0	207.0	+0.5	-
Pens Acc Five Star	188.5	199.0	....	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	226.3	238.8	-0.7	-
UK Fixed Int Acc	170.4	179.8	....	-
Intl Equities Acc	180.2	190.1	....	-
UK Managed Acc	174.0	183.5	-0.4	-
Property Acc	226.9	239.4	....	-
Money Acc	127.8	134.9	....	-
Special Market Acc	139.3	147.0	+1.2	-
Japan Equity Acc	110.1	116.2	....	-
North American Acc	109.7	115.8	[illegible]	-
Pacific Acc	98.0	103.4	[illegible]	-
Technology Acc	127.5	134.5	[illegible]	-
Nat Resources Acc	55.1	58.2	[illegible]	-
European Acc	101.9	107.5	[illegible]	-
Residential Prop Acc	96.3	101.6	....	-
Swiss Equities Acc	36.0	38.0	+0.1	-
Hong Kong Acc	62.9	66.4	+0.5	-
UK High Inc Eq Acc	74.9	79.1	-0.3	-
Int Fixed Interest Acc	56.0	59.1	....	-
Int Managed Acc	57.4	60.5	....	-
HIP Managed Acc	114.2	120.4	+0.2	-
HIP Managed II Acc	100.2	105.6	+0.1	-
HIP Managed III Acc	106.2	112.0	+0.2	-
Total Investment Bond				
UK Equity Initial		154.4	[illegible]	-
UK Fixed Int Initial		116.5	[illegible]	-
Intl Equities Initial		122.1	....	-
UK Managed Initial		118.9	-0.2	-
Property Initial		156.1	....	-
Money Initial		87.7	....	-
Special Market Initial		108.5	[illegible]	-
Japan Equity Initial		85.7	....	-
North American Initial		85.5	+1.4	-
Pacific Initial		76.4	+0.6	-
Technology Initial		99.2	+1.0	-

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

MANAGEMENT SERVICES

هدا من الاصل

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices [illegible] on FT Cityline. Calls [illegible] minute peak, [illegible] 34p [illegible] peak, Inc VAT. To obtain your [illegible] Unit Trust [illegible] Booklet ring (071) 925-2128.

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Selling order hits sterling

STERLING WEAKENED as a large selling order from the Middle East hit the currency yesterday, but the reaction was probably overdone, according to dealers, and the pound staged a partial recovery later in the day.

It touched a low of DM2.9450 and temporarily fell to ninth from third place in the European exchange rate mechanism before finding a floor, possibly with the assistance of intervention by the Bank of England.

The order to sell sterling and buy $500m by the National Commercial Bank of Jeddah in Saudi Arabia came at a particularly bad time, as sterling was already losing ground ahead of this weekend's Washington meeting of the Group of Seven leading industrial nations.

Traders were trying to get square ahead of the G7 meeting, and in sterling's case this meant unwinding long positions after its recent failure to break through DM3.00. Fears about a deepening UK recession and political nervousness ahead of next week's local government elections in England and Wales have unsettled the currency.

Mr Nick Parson's, economist at Union Discount, said that a few weeks ago a selling order of this size could have been absorbed without trouble, but yesterday was a different story.

Traders, who had already squared positions, did not want to be left with the pounds and the order resulted in a game of "pass the parcel" according to Mr Parsons; he added that this [illegible] not be regarded [illegible] crisis as far as sterling is concerned.

The pound recovered to maintain its position as the third strongest member of the ERM, on figures from the European Commission. At the close [illegible] London trading it eased slightly to $1.6940 from [illegible] and also fell to DM2.9600 from DM2.9725; [illegible] FFr9.9775 from FFr10.0175; [illegible] SFr2.4825 from SFr2.4925; and to Y233.75 from Y234.00. Sterling's index lost 0.4 to 90.8.

The D-Mark was supported by news that the Soviet Communist Party's central committee had overwhelmingly rejected an offer by Mr Mikhail Gorbachev to resign as leader. The German currency was little changed in the ERM but improved against the dollar. It also rose to Y79.00 from Y78.70 in terms of the Japanese yen.

Comments by US President [illegible] Bush, that [illegible] would like to see world interest rates, including [illegible] of the US, come down tended to undermine the dollar.

A rise in the numbers [illegible] ing US unemployment [illegible] in the week ended April 13 did nothing to encourage hopes of an early end to [illegible] and [illegible] weighed on the currency, leaving it towards the lowest levels of the day at the London close. The market is now waiting for today's figures on first quarter US gross national product growth.

At the finish in London the dollar had fallen to DM1.7470 from DM1.7535; to Y138.00 from Y138.05; to SFr1.4655 from SFr1.4715; and to FFr5.8900 from FFr5.9125. Its index rose to 66.7 from 66.5.

£ IN NEW YORK

Apr 25	Latest	Previous Close
£ Spot	1.6940-1.6950	1.7010-1.7020
1 month	0.80-0.78pm	0.85-0.83pm
3 months	2.30-2.28pm	2.30-2.26pm
12 months	6.98-6.90pm	7.00-6.90pm

Forward premiums and discounts apply to the US dollar

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6790 - 1.6965	1.6935 - 1.6945	0.80-0.78cpm	5.60	1.57-1.54pm	3.67
Ireland†	1.5165 - [illegible]	1.5285 - 1.5295	0.48-0.43cpm	3.57	1.37-1.27pm	3.45
Canada	1.1515 - [illegible]	1.1520 - 1.1530	0.31-0.34cdis	-3.38	0.91-0.96dis	-3.25
Netherlands	[illegible]	1.9660 - 1.9670	0.52-0.55cdis	-3.26	1.51-1.56dis	-3.12
Belgium	35.8[illegible]	36.00 [illegible]	7.50-9.00cdis	-2.75	23.50-27.50dis	-2.83
Denmark	6.6645 [illegible]	6.6775 - 6.6825	2.20-2.50oredis	-4.22	6.05-6.45dis	-3.80
Germany	1.7425 - [illegible]	[illegible] - 1.7475	0.42-0.44pfdis	-2.95	1.32-1.35dis	-3.06
Portugal	150.05 - 151	[illegible] - 150.20	0.85-1.10cdis	-0.08	2.60-3.00dis	-0.07
Spain	[illegible]	[illegible]	65-69cdis	-7.46	188-198dis	-7.16
Italy	[illegible]	[illegible]	5.60-6.10liredis	-5.45	17.00-18.00dis	-5.43
Norway	[illegible]	[illegible]	2.10-2.45oredis	-4.02	6.50-7.00dis	-3.97
France	5.87[illegible]	[illegible]	1.59-1.64cdis	-3.29	4.66-4.76dis	-3.20
Sweden	6.2195 [illegible]	[illegible]	2.95-3.25oredis	-5.97	9.00-9.60dis	-6.97
Japan	137.40 [illegible]	[illegible]	0.23-0.25ydis	-2.09	0.62-0.65dis	-1.84
Austria	12.2690 - 12[illegible]	[illegible]	2.65-3.05grodis	-2.77	8.60-9.80dis	-2.98
Switzerland	1.4635 - 1.4[illegible]	[illegible]	0.28-0.31cdis	-2.42	0.82-0.87dis	-2.31
Ecu	1.1690 - 1.1825	[illegible]	0.28-0.23cpm	2.59	0.78-0.71pm	2.52

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EMS EUROPEAN CURRENCY UNIT RATES

STERLING INDEX

CURRENCY MOVEMENTS

POUND SPOT - FORWARD AGAINST THE POUND

CURRENCY RATES

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

S Al (Cm)	4.7010 - 4.7145	2.7900 - 2.7915
S Af (Fn)	5.5995 - 5.6945	3.3220 - 3.3785
Taiwan	46.10 - 46.20	27.35 - 27.40
U.A.E.	6.1990 - 6.2505	3.6720 - 3.6740

*Selling rate

EXCHANGE CROSS RATES

ECU	0.697	1.180	2.063	162.9	6.953	1.730	2[illegible]

Yen per 1,000: French Fr. per 10; Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

BASE LENDING RATES

Bank of Scotland	[illegible]	Citibank	12	TSB	12
Banque Belge Ltd	12	● Guinness Mahon	12	Unibank plc	12
Barclays Bank	12	● Hambros Bank	12	● United Bk of Kuwait	12
Benchmark Bank	[illegible]	[illegible] Plc	[illegible]	United Mizrahi Bank	[illegible]
Brit Bk of Mid East	12	Heritable & Gen Inv Bank	12	Unity Trust Bank Plc	[illegible]
● Brown Shipley	12	● [illegible]	12	Western Trust	12
CL Bank Nederland	12	C. Hoare & Co.	12	[illegible]	12
● Charterhouse Bank	12	Hongkong & Shanghai	12	[illegible]	12
Citibank NA	12	● Leopold Joseph & Sons	12	[illegible]	12
City Merchants Bank	12	Lloyds Bank	12		
Clydesdale Bank	12	Meghraj Bank Ltd	12		

● Members of British Merchant Banking & Securities Houses Association.

POUND - DOLLAR

Money Market Trust Funds

Money Market Bank Accounts

MONEY MARKETS

London rates ease

INTEREST RATES were a little [illegible] in quiet London trading yesterday. [illegible] of UK economic [illegible] the immediate future is likely to [illegible] attention to next week's [illegible] government [illegible].

At the moment [illegible] seems little prospect of an early cut in UK bank [illegible] despite Wednesday's claim from the [illegible] British Industry that the economic situation is bad and getting worse.

UK clearing bank [illegible] lending [illegible] 12 per cent from April 12, 1991

Three-month sterling interbank [illegible] quoted [illegible] 11 11/16-11 9/16 per [illegible] against 11 3/4-11 5/8 per [illegible] previously and 12-month money was unchanged at 11 7/16-11 5/16 per cent.

On Liffe June short sterling futures held above an important support level of 88.57. The contract opened firmer [illegible] 88.60 and closed at [illegible] compared [illegible] on Wednesday.

There was no encouragement of lower interest rates from the Bank [illegible] England. The central bank did not appear to give enough help [illegible] the underlying credit shortage on the cash market. A day-to-day shortage of £600m was initially [illegible] but [illegible] was revised [illegible] £550m [illegible] noon and [illegible] in the [illegible] was provided.

[illegible] lunch the [illegible] bought £53m bills outright, by way of £48m bank bills in band 1 at 11 7/8 per [illegible] and £5m bank bills in band 2 [illegible] per cent. In the [illegible] £261m bills [illegible] purchased, via £188m bank bills in band 1 at [illegible] per [illegible] £73m bank bills in band 2 at 11 13/16 per [illegible]. Late assistance of around £185m was also provided.

Bills maturing in official hands, repayment of [illegible] assistance and a take-up of Treasury bills drained £1,010m, with [illegible] rise in the note circulation absorbing [illegible] and bank balances below target £5m. [illegible] outweighed exchequer transactions adding [illegible] liquidity.

In Frankfurt call [illegible] was unchanged [illegible] 8.80 per [illegible] as liquidity remained relatively comfortable near the end of the month. [illegible] may edge higher today as pension fund payments drain money [illegible] the banking system.

In Madrid the [illegible] for 12-month Spanish Treasury bills was steady at 12.599 per cent at yesterday's tender. This followed the Bank of Spain's decision to leave its money market intervention rate unchanged [illegible] this week, despite upward pressure on the Spanish peseta in the European exchange rate mechanism.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

JOTTER PAD

CROSSWORD

No.7,528 Set by HIGHLANDER

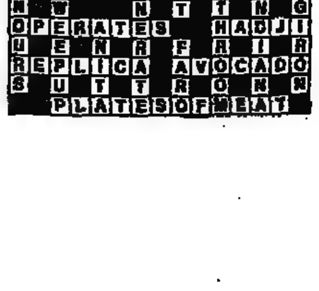
ACROSS

1 To the French right, Napoleon's place of exile is about adequate (9)
6 Low-lying vegetation needed for clean drop (5)
9 Assemble equipment at university (3,2)
10 Seed tray mixture needed before end of May – very recently in fact (9)
11 Meteorological condition is behind rain on harbour (10)
12 Capital of Brazil: twice the vivacity (4)
14 Scottish order for plant: the list is complicated (7)
15 Looks over popular view (7)
17 Wild flower boxer got out of bed (7)
19 He organises for island to get old railway (7)
20 Introduce a bit of spirit to fabric (4)
22 Score in cup recollected by old astronomer (10)
25 Overcharge: a general trend which is happening (9)
26 French are affected by disease and physically weak (5)
27 Pass off as genuine handwriting – there's nothing in it (5)
28 Hearings involve first road-race competitors (9)

DOWN

1 [illegible] from one [illegible] another, they say (5)
2 Illumination point in[illegible] requires bolt (9)
3 Amends point standard in fixed allowance (10)
4 Evergreen, yet bare originally (3,4)
5 Characteristic feature could be stated as letter appreciation (7)
6 Shoot to stop (4)
7 Two-way position fixer (5)
8 One who refuses to buy youth a pin (9)
13 Change in Gulf name is significant (10)
14 Leave like a child would walk away (6,3)
16 Sixth form choice (4-5)
18 Part of scale mouse is eating away (7)
19 Original is a term used [illegible] distinguished musicians (7)
21 [illegible] do, in Channel Islands (5)
23 Auctions it – there's less cut off (5)
24 Treat roads with determination (4)

Solution to Puzzle No.7,527



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WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices April 25

MONTREAL

3:00 pm prices April 25

INDICES

NEW YORK

DOW JONES	Apr. 24	Apr. 23	Apr. 22	Apr. 19	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
¢Industrials	2949.51	2938.45	2927.72	2965.59	3004.46 (17/4)	2470.30 (9/1)	3004.46 (17/4/91)	41.22 (2/7/32)
Home Bonds	94.19	94.18	94.18	94.19	94.86 (15/2)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1171.02	1157.09	1151.62	1172.07	1178.07 (18/4)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	210.39	209.51	210.95	212.65	220.89 (16/4)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

¢Day's High 2965.10 (2957.92) Low 2913.37 (2905.94)

STANDARD AND POOR'S

	Apr. 24	Apr. 23	Apr. 22	Apr. 19	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	382.76	381.76	380.95	384.19	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	454.25	452.99	452.00	457.35	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	30.45	30.59	30.47	30.87	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	209.17	208.68	208.39	210.23	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	365.05	365.70	366.56	370.03	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	498.45	496.08	494.13	501.19	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	Apr.19	Apr.12	Apr.5	Year ago (approx.)
Dow Industrial Div. Yield	3.40	3.45	3.48	4.07
	Apr.17	Apr.10	Apr.3	Year ago (approx.)
S & P Industrial div. yield	2.69	2.85	2.81	3.04
S & P Ind. P/E ratio	19.07	18.17	18.44	15.13

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Boeing	2,565,700	47⅞	+ ¼
Lockheed	2,511,000	42⅞	+ ⅞
Snatch	2,378,100	1⅛	+ ⅛
Chase Man	2,364,900	19⅛	----
Am T & T	2,361,580	37⅞	+ 1⅛
RJR Nabisco	1,936,000	11⅛	---
Calder Corp	1,894,680	22⅞	---
Bristol Myers Sq	1,681,900	74⅞	- ⅛
Maytag	1,632,900	15⅛	----
Philip Morris	1,505,600	67⅞	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Apr. 24	Apr. 23	Apr. 22
New York	166.800	167.940	164.480
Amex	10.136	11.623	10.504
NASDAQ	158.230	161.548	153.439
Issues Traded	2,052	2,067	2,085
Rises	844	832	424
Falls	727	780	1,236
Unchanged	481	455	395
New Highs	73	56	44
New Lows	10	8	7

CANADA TORONTO

	Apr. 24	Apr. 23	Ap. 22	Apr. 19	1991 HIGH	1991 LOW
Metals & Minerals	3201.71	3198.44	3173.35	3168.52	3284.18 (5/3)	2632.06 (9/1)
Composite	3504.10	3502.39	3491.57	3495.97	3572.53 (6/3)	3261.95 (15/1)
MONTREAL Portfolio	[illegible]	[illegible]	1839.88	1839.10	1888.19 (5/3)	1686.89 (9/1)

Base values of all indices are 100 [illegible] NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—[illegible] Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrials [illegible] Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr. 25	Apr. 24	Apr. 23	Apr. 22	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	[illegible]	1518.5	1510.5	1512.9	1520.4 (19/4)	1204.5 (16/1)
All Mining (1/1/80)	[illegible]	665.5	660.3	663.6	673.7 (18/4)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	525.04	523.58	518.61	519.19	534.81 [illegible]	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1208.88	1208.50	1209.04	1203.29	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	[illegible]	348.33	349.50	351.00	354.26 (4/4)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1084.0	1098.9	1101.8	1110.8	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	479.20	[illegible]	480.49	478.69	493.78 (9/4)	394.88 (15/1)
CAC 40 (31/12/87)	1777.81	[illegible]	1781.83	1767.20	1851.89 (3/4)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	[illegible]	[illegible]	[illegible]	671.93	686.92 (25/4)	570.48 (15/1)
Commerzbank (1/12/53)	[illegible]	[illegible]	[illegible]	1898.0	1949.3 (25/4)	1612.5 (15/1)
DAX (30/12/87)	[illegible]	[illegible]	[illegible]	1571.91	1623.83 (17/4)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	[illegible]	3605.29	3569.64	3582.49	3849.70 (3/4)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	[illegible]	1467.94	1472.27	1475.14	1520.65 (15/3)	1114.86 (29/1)
ITALY						
Banca Com. Ital. (1972)	[illegible]	589.22	593.17	595.99	602.64 (19/4)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	26038.86	26330.21	26492.57	26237.01	27146.91 (18/3)	22442.70 (16/1)
Tokyo SE (Topix) (4/1/68)	1952.56	1974.83	1982.52	1975.53	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	3357.38	3350.31	3363.72	3396.12	3404.88 (19/4)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	591.45	590.84	588.38	592.16	605.88 (11/3)	478.41 (16/1)
NETHERLANDS						
CBS Tril.Ret.Gen.(End 1983)	276.6	274.5	273.1	272.5	276.6 (25/4)	221.4 [illegible]
CBS All Shr (End 1983)	201.5	200.2	200.8	198.9	201.5 (25/4)	162.5 [illegible]
NORWAY						
Oslo SE Ind (2/1/83)	[illegible]	702.39	712.08	714.60	735.00 (8/3)	[illegible]
PHILIPPINES						
Manila Comp (2/1/85)	[illegible]	1046.31	1022.83	1027.12	1154.73 (8/4)	982.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	[illegible]	427.34	416.31	416.26	420.44 (25/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1049.04	1073.0	1044.0	1052.0	1367.0 (14/1)	971.0 (25/2)
JSE Industrial (28/9/78)	3549.00	3512.0	3479.0	3476.0	3549.0 (25/4)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	[illegible]	632.63	637.84	615.61	697.62 (4/1)	[illegible] (16/1)
SPAIN						
Madrid SE (30/12/85)	[illegible]	281.50	280.16	279.58	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvariden Gen. (1/1/37)	1064.4	1066.0	1046.7	1058.1	1119.0 (18/3)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	739.7	741.1	739.9	732.0	743.0 (3/4)	590.4 (14/1)
SBC General (1/4/87)	617.5	619.8	620.1	614.8	625.1 (9/4)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	5913.82	5806.74	5732.09	5824.0	5913.82 (25/4)	3316.26 (16/1)
THAILAND						
Bangkok SET (30/4/75)	883.60	895.34	898.19	906.90	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (\$)	505.8*	509.5	509.1	506.1	529.2 (17/4)	439.1 (16/1)

**Saturday April 20: Taiwan Weighted Price: 5754.09. Korea Comp Ex. 620.57.
§ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE 25 Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 25 April 1991

	Stocks Traded	Closing Prices	Change on day
Sharp	6.8m	1,540	-40
Kobe Steel	6.7m	531	-14
Asahi Chemical	5.8m	850	+56
Kurabo Inds	5.4m	1,080	+40
Nippon Steel	5.4m	464	-8
Tsugami	5.1m	522	-27
Aoki	4.8m	770	-30
Chiyoda	4.8m	2,780	-90
Nihon Nohyaku	4.2m	2,250	-160
NKK	3.3m	418	-7

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · JAPAN · GERMANY · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · AUSTRALIA · HONG KONG · MALAYSIA · SINGAPORE

Price data supplied by Telekurs.

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

3:15 pm prices April 25

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15¾	9¼	AAR Corp	0.48	0.03	13	301	14	13¾	14	+¼
28¾	21⅝	A L Labs A	0.18	0.00	31	55	28⅞	28¼	28⅞	+⅛
54¼	40⅞	AMP Inc	1.44	0.03	19	903	52½	51	52	
64¼	44¼	AMR				197401	u65¾	64¼	64⅞	–⅞
2⅞	1¼	ARX			3	54	2½	2⅜	2⅜	+⅛
48¾	41½	ASA	3.00	0.07	13	109	45⅞	44¾	44⅞	–½
54	39¼	Abbott Lab	1.00	0.02	22	5077	61⅞	50½	51	–⅛
13⅝	9⅞	Abitibi Pr	0.50	0.04	25	5	13¼	13¼	13¼	
11⅞	10⅜	ACM Gvt In				535	u11⅞	11¾	11⅞	
9⅝	8¼	ACM GvOpp				165	u9⅞	9¼	9⅜	
9¼	8¼	ACM Gvt Sp	1.01	0.11		241	u9¾	9	9⅜	+⅛
11	8⅞	ACM Gvt Se x				476	10⅞	10¾	10⅞	
[illegible]	7⅝	ACM Man				327	8⅛	8	8	–⅛
[illegible]	11⅞	ACM Managd				131	u12⅞	12¾	12⅞	+⅛
[illegible]	4⅞	Acme Cleve	[illegible]	0.06	16	51	6¾	6½	6½	–⅛
6	4⅞	Acme Elect			18	4	4⅞	4⅞	4⅞	
40	22¼	Acuson			25	1181	34	32⅞	33⅞	+⅛
17⅛	14¼	Adams Expr	[illegible]	.03	0	151	17¼	17	17¼	+¼
20⅛	18⅞	[illegible] 2Pf x	[illegible]	12		6	19½	19⅛	19¼	
9⅛	7	[illegible] Res			21	6	8⅛	8⅛	8⅛	+⅛
35⅞	18	[illegible]				273	33⅞	33	33	–⅛
14⅛	4⅞	Ad Micro P	3.00	0.24	14	2914	12⅞	12¾	12⅞	–¼
5⅞	2¼	Advest Grp	0.16	0.04	5	105	4	4	4	
49⅞	33⅞	Aetna Lf x	2.76	0.06	7	774	46⅞	45⅞	45⅞	–1⅛
10⅞	6⅞	Ahmanson A	0.24	0.03	35	1269	9⅛	8⅞	8¾	–¼
[illegible]	12	Ahmanson	0.88	0.05	9	2585	17⅞	16½	17⅞	+⅛
6⅞	2⅞	Aileen Inc			10	942	u6⅞	6¾	6⅞	+⅛
70⅞	51⅞	Air Pr Chm			14	534	63¾	63⅛	63⅞	–⅛
25	16⅞	Airbne Frt	0.30	0.01	13	903	22¼	21⅞	22¼	
19⅞	12½	Airgas Inc			19	74	16½	16⅛	16⅞	+⅛
[illegible]										

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P - Q -

[illegible]

- R -

[illegible]

Continued on next page

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NYSE COMPOSITE PRICES

Continued from previous page

NASDAQ NATIONAL MARKET

3:00 pm prices April 25

AMEX COMPOSITE PRICES

3:00 pm prices April 25

Price data supplied by Telekurs.

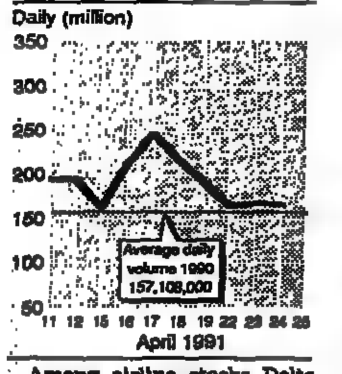
Airlines climb despite first quarter losses

Wall Street

SHARE prices recovered yesterday morning from early losses triggered by [illegible] wave [illegible] computerised sell programs, but sentiment remained subdued, *writes [illegible] Harverson [illegible]*

[illegible] 1.30 pm the Dow Jones Industrial Average was down 1.73 at 2,947.77. The broader based Standard & Poor's 500 eased 1.22 to 381.54 by 1 pm, while the Nasdaq composite of over-the-counter stocks fared marginally better, dropping just 0.66 [illegible] 497.79. New York [illegible] relatively heavy [illegible] by 1 pm. Declining [illegible] outnumbered rising [illegible] by 823 [illegible] 581 by early afternoon.

NYSE volume



Among airline stocks Delta and UAL rose after reporting large losses for the first quarter, in line with market expectations. Delta unveiled an operating loss of \$500.6m, against a profit of \$309m a year earlier, but the shares rose \$1⅞ to [illegible]. UAL announced an operating [illegible] \$268.9m, compared with a loss of \$47.2m in the first quarter of 1990, and its stock climbed \$⅝ to \$160.

Hopes that demand for air travel will recovery as economic activity in the US picks up is behind the strength in UAL and Delta stock, both of which now stand just below their 52-week highs.

Compaq Computer plummeted \$8⅛ to \$53⅛ after the company said its second quarter profit this year would probably be below the \$1.18 a share of the second quarter of 1990.

Other leading technology stocks were in a more buoyant mood, with IBM gaining \$½ to \$108⅜, and Data General rising \$1⅞ [illegible] \$17⅞ on turnover of 1m shares. Data [illegible] said yesterday that it expected [illegible] report a [illegible] gain in fiscal third quarter earnings because of the sale of a unit in Japan. In the second quarter the [illegible]pany earned a profit [illegible] 60 [illegible] a share, up from [illegible] cents [illegible] share [illegible] the [illegible] earlier.

Wednesday's decision by an Alaskan district court judge [illegible] reject [illegible] plea agreement between [illegible] and the [illegible] Department [illegible] the Exxon Valdez oil spill sent the stock sliding \$1⅞ to \$59¼. Although Exxon has just reported [illegible] per [illegible] in quarterly income, the market [illegible] that [illegible] decision [illegible] fine than the \$100m originally agreed with the government.

Diagnostek jumped [illegible] to [illegible] a pact with [illegible] Union to provide prescription [illegible] by mail.

Canada

TORONTO [illegible] midday. [illegible] pulled the composite index down [illegible] 3,497.7. [illegible] led [illegible] by 217 [illegible] vol[illegible] 12.6m [illegible]

Among gold shares, [illegible] Dome slipped [illegible] C\$15⅛, Hemlo [illegible] fell [illegible] C\$7⅝, [illegible] dropped [illegible] American [illegible] C\$⅛ to [illegible]

Rogers Communications [illegible] high, peaking [illegible] before slipping [illegible] C\$10⅝, [illegible] C\$⅜. [illegible] day, the company [illegible] would float [illegible] mobile communica[illegible] subsidiary.

Alcan fell [illegible] C\$24⅝. The company [illegible] it would have [illegible] re-examine [illegible] capital spending [illegible] dividend if [illegible] industry remains weak. The company also said it plans to cut costs by C\$200m in 1991.

Bombardier class B shares jumped [illegible] to C\$18⅞ on volume of 87,000 shares, hitting a new 52-week high. This week the company won orders worth C\$900m, including options.

Natural gas emerges as Europe's fuel for the 1990s

Deborah Hargreaves outlines investment opportunities in an industry where de-regulation is overdue

THE EMERGENCE [illegible] natural gas as the fuel of choice in Europe presents a promising investment theme for the 1990s. The main [illegible]mpetitors to gas – oil, [illegible] and nuclear power – have become [illegible] attractive in [illegible] to West European governments and consumers alike [illegible] environmental and inflationary grounds.

On a longer term view, the market for gas supply could [illegible] more competitive as the European Commission attempts [illegible] liberalise the industry by loosening the grip of entrenched monopoly suppliers.

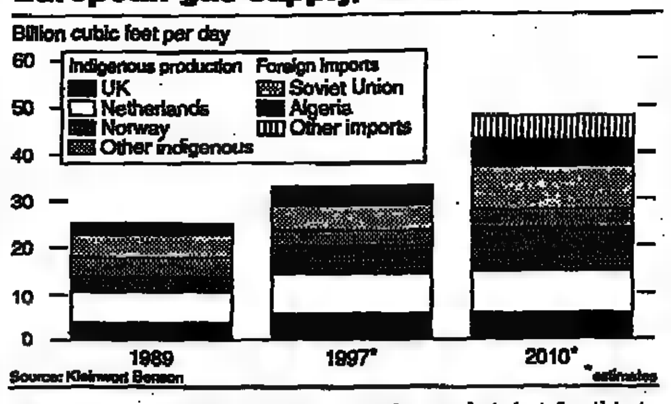
Kleinwort Benson, the London stockbroker, [illegible] that [illegible] European [illegible] demand will rise from a current 25bn cubic feet a day to 36.3bn cubic feet by 2,000 and 48bn cubic feet by 2,010. Much of this increase will be met by Europe's main producers – the UK, the Netherlands and Norway – but imports from Algeria and the Soviet Union are also likely to rise.

In[illegible] wanting exposure to the growing demand for gas in Europe have various options, says Mr Philip Lambert, the author of Kleinwort Benson's gas review. Royal Dutch/Shell's position in European gas is second to none and it has a strong presence in most of the transmission companies in Europe.

Norsk Hydro is an obvious beneficiary of the increase in Norwegian gas value. Not only is it likely that Norsk Hydro's gas production will nearly triple to 110,000 barrels of oil equivalent a day (boe/d) over the next 10 years, but its 6.5 trillion cubic feet (tcf) of proven or probable gas reserves – until recently regarded as uncommercial – could soon become its most valuable asset. Norway's Saga Petroleum is an even purer play than Norsk Hydro, which also has aluminium, fertiliser and petrochemical interests.

Italy's gas market should be viewed as the most bullish in Europe, in spite of the 24 per cent market share that natural gas already has of the primary energy market. Kleinwort Benson forecasts that this will rise to 30 per cent by 2,000, since

European gas supply/demand



Source: Kleinwort Benson *estimates

Italy has abandoned nuclear power and is under pressure to reduce dependence on oil, which accounts for 58.2 per cent of the energy market. Italgas, a quoted distribution company, looks attractive on a three-year view, during which the dividend should begin to rise in line with the growth of its gas business.

The jump in demand could help small independent suppliers and gas traders trying to break into the European Community market, but for this to happen the Commission would have to pass legislation to further open up the gas market.

Europe's [illegible] market is controlled by a small group of monopoly [illegible] which control production, transmission and distribution. Gaz de France, SNAM, in Italy, British Gas, in the UK, Ruhrgas, in Germany, and Gasunie, in the Netherlands, are very large players. Where a statutory monopoly is not in place many countries allow a major supplier to retain [illegible] dominance.

But the Commission has challenged the entrenched monopolies that exist [illegible] EC countries for the import and export of gas by initiating legal proceedings against France, Denmark and Belgium. In spite of deep opposition from the gas suppliers, the Commission wants to institute [illegible] policy of open [illegible] in the EC, whereby independent suppliers [illegible] be allowed [illegible] to existing pipelines for [illegible] transport [illegible]

Elf Aquitaine is a major oil producer trying to gain greater access to the EC gas market. Natural gas already accounts for around one-seventh of Elf's earnings per share, and Mr Loik Le Floch-Prigent, its chairman, has said recently that the monopoly gas suppliers will have to face more competition in future. Elf has gas reserves of some 1,500bn cubic feet in its Lacq deposit in south-west France, and has tried to gather more gas by taking a 50 per cent stake in Agas, the UK independent gas company, and a link with Wintershall, in Germany. A partial privatisation of Gaz de France is possible over the coming years, and both Elf and Total are known to be interested.

After the UK, Germany probably operates one of the most open gas markets in Europe; but Ruhrgas, owned by a consortium of oil companies, dominates transmission and owns a large chunk of the pipeline system. Wintershall, the energy subsidiary of the BASF chemicals group, is challenging this stranglehold with plans to build its own distribution system and allow other [illegible]nies, [illegible] Elf and Austria's OMV, to transport their [illegible] through it.

It is [illegible] leading chemical companies such as BASF and Dow Chemical – large users of gas – which are pushing strongly for a policy of open access in gas since they argue that this will reduce gas prices. The gas companies say it will take away the incentive to invest in long-term projects in an industry with extremely long lead times. This, says the suppliers, will reduce the security of supply for consumers.

EUROPE

Sentiment mixed [illegible] Frankfurt tests its 1991 highs

BOURSES put in a mixed performance yesterday as Germany closed at new highs for the year to date while France slipped at the finish. Milan and Portugal were closed, *writes Our Markets Staff.*

FRANKFURT tested its highs yet again. Morgan [illegible]ley raised its weighting in Germany by two percentage points to 17.5 per cent, lifting the market, but sentiment was not uniform.

At midsession, the *FAZ* index was 3.00 better at 686.92, a new closing 1991 high. The DAX index closed 16.72 higher at 1,620.[illegible] an intraday high of 1,626.95 took it temporarily into new territory, against a closing 1991 high of 1,623.83. Volume rose from DM6.1bn to DM7.8bn.

Mr Andrew Bell, European equity strat[illegible]ist at Barclays de Zoete Wedd, said that [illegible] DAX index closing 20 points out[illegible] its trading range for the past three months had not made a fundamental change in the market. However, he thought that the main risks for Germany – higher interest rates and the sharp slowdown in growth – threatened its neighbours almost as much as Germany itself, and that the speed of recovery in the US and other English speaking economies may be more important to German-equity prospects than continental and domestic concerns.

FT-SE Eurotrack 100 - Apr 25							
Hourly changes							
Open	[illegible]	11 am	Noon	1 pm	2 pm	3 pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] High 1126.31				Day's Low [illegible]			
Apr 24		Apr [illegible]		Apr 22		Apr [illegible]	Apr [illegible]
1119.16		1122.04		1112.13		[illegible]	[illegible]

Base value 1000 (26/10/90)

The big international blue chips, Siemens, Daimler and Deutsche Bank, all made good rises yesterday. Interest remained in steels and engineering with Thyssen rising DM6.40 to DM233.90 and Preussag DM8.50 to DM333. Retailers also featured, as Kaufhof rose DM12 to DM514.50 after its Kaufhalle subsidiary reported first quarter sales up 22 per cent. In specialist chemicals, Degussa, oversold according to Dresdner Bank, rose DM8 to DM346.

AMSTERDAM ended higher thanks to a firm dollar and a strong bond market but trading was light. Dealers said activity was slowing ahead of next Tuesday's public holiday. The CBS tendency index added 0.5 to 96.0.

The chemical group, Akzo, closed [illegible] net Fl 3.40 higher at Fl 115.70, ex a dividend of Fl 5, consolidating its gains after surprisingly good first quarter results.

Nedlloyd, [illegible] transport group, went against the market [illegible] 70 [illegible] lower at Fl 50.60. The VEB, a group protecting the interests of small investors, said it would be voting against the endorsement of the 1990 accounts at the annual meeting on May 30. The group also said it supported Mr Torstein Hagen's bid to gain management power at Nedlloyd. Mr Hagen controls 23 per cent of Nedlloyd.

PARIS was flat for most of the day and then shed five points at the close as Wall Street weakened. The CAC 40 index closed [illegible] lower at 1,777.01 in unimpressive volume of FFr1.65bn.

Euro Disney was the day's most active stock, falling FFr1.90to FFr115 with 431,900 shares traded on reports that a dispute between two companies helping build the amusement park outside Paris could disrupt part of the park's construction. Euro Disney later said that the dispute would not delay the completion of the project.

Lyonnaise-Dumez tumbled FFr28 or 4.5 per cent to FFr590 with 194,330 shares traded on disappointment at the merged group's 1990 results announced late on Wednesday. Analysts said the capital gains shown were lower than expected and that expectations for the current year were not encouraging. Poor first quarter results from its Canadian subsidiary United Westburne also weighed on the price. The company is holding an analysts' meeting this morning.

ZURICH declined in light trading, the Crédit Suisse index closing 1.5 lower at 554.2. CS Holding, parent of Crédit Suisse, came under pressure for the second consecutive day and was the most active stock on rumours of a dividend cut and rights issue; the shares fell another SFr80 to SFr2,030.

OSLO was buoyed up by better-than-expected results from Norsk Hydro and news that the Labour government planned to let the state pension fund invest in industry. The all-share index closed up 8.88 or 1.9 per cent to 475.01 in turnover worth NKr270m.

Norsk Hydro jumped NKr7.5 to NKr190 on a drop of a quarter in first quarter net income, mainly as a result of the stronger dollar.

MADRID slipped in the afternoon session, and the general index closed down 2.10 at 279.22.

ISTANBUL's market index fell 39.3 to 4,134.36, taking its fall to over 246, or 5.6 per cent since it came back from an extended holiday on Wednesday.

SOUTH AFRICA

CONTINUED demand for industrials and a weaker financial rand lifted the industrial index by 37 to 3,549, a new high. The all-share index put on 15 to 3,039. But weaker bullion prices lowered the all-gold index by 10 to 1,049.

ASIA PACIFIC

Arbitrage buying fails to support Nikkei

Tokyo

SPORADIC buying by arbitrageurs failed to support share prices yesterday, and the weaker yen and higher bond yields added to the depressed sentiment, *writes Emiko Terazono [illegible] Tokyo.*

The Nikkei average fell a [illegible] to [illegible] a day's high of 26,341.85 in the morning, and a low of 26,037.87 just [illegible] close. Volume stayed dull at 360m shares and declines outweighed advances [illegible] 213, with [illegible] issues unchanged. The Topix [illegible] all [illegible] slipped 21.47 [illegible] and in London [illegible] ISE/Nikkei 50 index [illegible] 2.36 to 1,475.42.

Traders [illegible] investors and dealers liquidating positions [illegible] holidays contributed to the weak trend. Miss [illegible] Ivey at Credit Lyonnais Securities said it [illegible] hard [illegible] market to regain strength even after the holidays as long as short-term interest [illegible] remained [illegible] high levels.

In addition, [illegible] positions [illegible] arbitrage trading [illegible] announced to have risen to [illegible] of [illegible] April [illegible] said this reflected [illegible] movement towards derivatives-related transactions, due to the stagnant cash [illegible]

Profit-taking took in [illegible] firm on [illegible] on hopes [illegible] an upturn in [illegible] US economy [illegible] which [illegible] Y40 to Y1,540 yesterday, and Tsugami, a machine [illegible] maker, down [illegible] Big companies [illegible] ground on the outlook for [illegible] interest rates, Nippon Steel shedding [illegible] to Y464 and Ishikawajima-Harima Heavy Industries weakening Y33 [illegible] Y716.

Nihon Nohyaku, in agrochemicals, [illegible] on selling by individuals, [illegible] three-day rally on rumours that a speculative [illegible] was chasing the [illegible] Asahi [illegible] heavy buying [illegible] close, gaining [illegible] Y850 on reports [illegible] it will acquire Toyo Jozo, [illegible] liquor maker, which [illegible] unchanged [illegible] Y1,140.

Akai Electric closed [illegible] higher [illegible] Y840 [illegible] revising [illegible] pre-tax profits [illegible] up [illegible] Y1.7bn to [illegible] the current year. Sony [illegible] on [illegible] that it expects to lower earnings projections because of the sluggish US market.

In Osaka, the OSE average retreated 343.73 to 29,002.96 on volume of 31.8m shares. Nintendo, the video game maker, declined Y300 to Y16,100 on margin worries.

Roundup

THE [illegible] presented a mixed picture, [illegible] a number of themes yesterday. Australia and New Zealand were closed for a public holiday.

SINGAPORE buyers concentrated on shipping and electronics, the former [illegible] relatively cheap, and with better prospects following the Gulf war. In spite [illegible] afternoon profit-taking, [illegible] index [illegible] 17.27 [illegible] 1.1 per cent to 1,553.94. Turnover increased from S\$188.5m to S\$229.6m. Hotels and properties showed losses.

Electronics moved on speculation that the sector, valued at or below the market average, would be the first to benefit from any recovery in the US or European [illegible]

TAIWAN gained 1.8 per cent, the weighted index climbing 107.08 to 5,913.82 on expectations of lower interest rates to boost the economy. Turnover rose from T\$53.6bn to T\$68.9bn.

SEOUL's [illegible] nearly halved, from [illegible] to Won 94.8bn, as the composite [illegible] fell 6.27 to 626.36. Traders attributed the sharp declines of the past two days to tight local liquidity; companies have dividends and taxes to pay towards the end of this month, and the government's tight money supply has also drained liquidity from the equity market.

BANGKOK ended lower, with most sectors, apart from textiles, in decline. The SET index slipped 11.74 to 883.60 in turnover of 4.69bn baht. HONG KONG was described as thin and listless as the Hang Seng index eased 10.91 to 3,594.38.

KARACHI, still climbing on economic reform, set new highs for three successive days up to Tuesday, when the KSE index finished 32 ahead at 1,707 in volume up from 4.8m to 8.3m shares, forcing the exchange to close on Wednesday so that brokers could clear mountains of paperwork. It will reopen on Saturday after its regular two-day shutdown yesterday and today.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The [illegible] Times Limited, Goldman, [illegible] Co., [illegible] County NatWest/Wood [illegible] in conjunction [illegible] and [illegible] Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 24 1991								TUESDAY APRIL 23 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling [illegible]	Yen [illegible]	[illegible]	Local Currency Index	Local % chg [illegible]	Gross Div. [illegible]	US Dollar [illegible]	Pound Sterling [illegible]	[illegible] Index	DM Index	Local Currency [illegible]	[illegible] High	[illegible]	Year ago [illegible]
Australia (74)	142.05	+0.6	[illegible]	123.[illegible]	129.50	121.93	+0.6	5.64	[illegible]	122.33	123.10	127.90	121.21	142.05	112.74	131.98
Austria (19)	201.59	+1.3	[illegible]	175.[illegible]	183.78	182.57	+1.4	1.44	[illegible]	172.36	173.45	180.20	180.06	222.37	167.09	254.55
Belgium (60)	137.34	+0.8	120.16	[illegible]	[illegible]	121.42	+0.4	4.93	[illegible]	118.00	[illegible]	[illegible]	120.94	151.20	121.73	147.26
Canada (116)	138.53	+0.2	121.21	[illegible]	[illegible]	115.81	+0.0	3.42	[illegible]	119.81	[illegible]	[illegible]	115.78	141.10	126.49	131.00
Denmark (31)	233.28	−0.6	204.11	[illegible]	[illegible]	[illegible]	−0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	270.56	217.74	242.76
Finland (21)	113.14	+0.4	[illegible]	[illegible]	103.14	98.22	−0.4	[illegible]	[illegible]	97.65	98.27	102.10	[illegible]	[illegible]	90.61	[illegible]
France (112)	132.71	−0.5	116.11	[illegible]	[illegible]	[illegible]	+0.1	3.54	[illegible]	[illegible]	116.26	[illegible]	122.92	[illegible]	[illegible]	[illegible]
Germany (88)	107.73	−0.4	94.26	[illegible]	[illegible]	[illegible]	+0.3	2.29	[illegible]	[illegible]	94.26	[illegible]	97.92	[illegible]	[illegible]	[illegible]
Hong Kong (48)	148.11	+1.3	129.59	[illegible]	[illegible]	148.19	+1.3	[illegible]	146.21	[illegible]	127.45	[illegible]	[illegible]	156.75	[illegible]	124.91
Ireland (16)	157.44	−0.4	137.75	[illegible]	[illegible]	[illegible]	−0.3	3.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	183.67
Italy (91)	78.04	−1.4	[illegible]	68.09	71.14	[illegible]	−0.9	[illegible]	79.18	68.59	[illegible]	71.71	76.05	88.23	[illegible]	100.10
Japan (452)	138.83	−0.6	121.47	121.15	[illegible]	[illegible]	−0.5	0.71	[illegible]	[illegible]	[illegible]	126.46	121.70	146.97	[illegible]	135.01
Malaysia (33)	234.74	+0.4	205.38	204.83	[illegible]	[illegible]	+0.4	3.03	[illegible]	[illegible]	[illegible]	211.77	248.65	247.78	[illegible]	207.54
Mexico (12)	882.69	+2.6	[illegible]	[illegible]	[illegible]	2896.22	+2.6	[illegible]	860.43	[illegible]	[illegible]	779.26	2822.25	931.33	[illegible]	405.27
Netherland (40)	137.29	−0.9	120.12	[illegible]	125.16	[illegible]	−0.3	[illegible]	138.55	120.02	120.77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand (14)	49.38	+1.5	[illegible]	[illegible]	[illegible]	[illegible]	+2.1	[illegible]	[illegible]	42.15	42.41	44.06	[illegible]	52.31	[illegible]	62.62
Norway (30)	184.90	−1.3	161.78	161.36	168.57	170.16	−1.3	1.77	187.41	[illegible]	[illegible]	[illegible]	[illegible]	223.24	[illegible]	[illegible]
Singapore (25)	200.93	−0.2	175.80	175.34	183.18	164.68	−0.2	2.03	201.25	[illegible]	[illegible]	[illegible]	[illegible]	208.25	151.63	181.28
South Africa (60)	205.83	+1.0	180.09	179.61	187.64	149.71	+0.9	[illegible]	203.89	176.82	177.73	[illegible]	[illegible]	[illegible]	173.00	174.28
Spain (41)	155.12	−0.8	[illegible]	135.37	141.41	[illegible]	−0.2	4.43	[illegible]	135.52	136.37	[illegible]	127.17	171.12	[illegible]	153.21
Sweden (27)	177.93	+0.0	155.68	155.27	162.21	163.90	+0.1	2.65	178.01	154.20	155.17	161.22	163.78	[illegible]	131.51	186.36
Switzerland (65)	92.55	−0.8	80.97	80.77	84.38	84.43	+0.0	2.47	93.32	80.84	81.35	84.53	84.41	100.67	82.17	[illegible]
United Kingdom (295)	169.64	−1.6	148.42	[illegible]	154.64	148.42	−0.6	4.78	[illegible]	149.34	150.26	[illegible]	149.34	187.44	158.27	[illegible]
USA (524)	155.15	+0.3	[illegible]	135.40	141.45	[illegible]	+0.3	3.14	154.71	[illegible]	134.86	140.12	154.71	158.24	[illegible]	[illegible]
Europe (936)	136.85	−1.0	[illegible]	119.24	124.58	[illegible]	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	122.30	151.52	125.50	138.01
Nordic (109)	174.07	−0.4	152.30	[illegible]	158.69	152.95	−0.4	[illegible]	[illegible]	151.41	152.36	158.30	153.56	200.81	165.55	186.51
Pacific Basin (646)	138.97	−0.5	[illegible]	121.27	[illegible]	121.76	−0.4	1.05	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	145.92	117.88	134.43
Euro−Pacific (1582)	138.36	−0.7	[illegible]	120.72	[illegible]	122.71	−0.3	2.20	139.31	120.68	[illegible]	128.16	[illegible]	147.68	121.29	136.23
North America (640)	154.04	[illegible]	[illegible]	[illegible]	[illegible]	152.50	+0.3	3.15	153.61	133.07	133.92	[illegible]	152.09	157.04	125.91	134.00
Europe Ex. UK (641)	116.62	−0.6	102.04	[illegible]	106.34	[illegible]	+0.0	3.18	117.29	101.60	[illegible]	106.25	106.50	[illegible]	106.85	133.23
Pacific Ex. Japan (194)	139.65	+0.8	[illegible]	[illegible]	[illegible]	124.85	[illegible]	[illegible]	138.55	120.02	120.79	125.49	[illegible]	[illegible]	111.40	126.82
World Ex. US (1770)	139.46	−0.6	[illegible]	121.71	127.14	[illegible]	−0.3	[illegible]	140.34	121.57	122.34	127.10	123.75	148.16	122.32	136.58
World Ex. UK (1999)	141.20	−0.1	[illegible]	[illegible]	[illegible]	131.75	+0.0	2.32	141.38	122.48	123.25	[illegible]	131.77	145.77	[illegible]	133.96
World Ex. So. Af. (2234)	143.34	−0.3	[illegible]	[illegible]	130.68	[illegible]	−0.1	2.57	143.77	124.54	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Ex. Japan (1842)	147.67	−0.2	[illegible]	[illegible]	128.87	139.81	+0.1	[illegible]	147.91	128.12	[illegible]	[illegible]	[illegible]	152.63	126.69	[illegible]
The World Index (2294)	143.71	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	−0.1	[illegible]	144.13	[illegible]	[illegible]	130.55	133.50	148.01	123.28	134.72

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[illegible] prices were unavailable [illegible]

RECRUITMENT

JOBS: Consultant discovers surprising differences between candidates either side of 40

Fresh light on the age-barrier paradox

AT LAST the Jobs column has been supplied with a clue to a question that has mystified it these past 18 years or more. Why do senior executives, mostly aged at least 40, typically resist taking on people over 40 to work for them as executives?

The reason usually cited for refusing to recruit same is that folk of such advanced years are no longer up to the work. But that surely rebounds awkwardly on the executives doing the recruiting. So unless there is evidence that the "past-it" clause does not apply to 40-pluses already ranked as seniors (and I've never seen any) we would seem to be faced with a paradox.

Fortunately, a way out has been found by recruiter Barrie Whitaker of the consultancy arm of Price Waterhouse. His work entails assessing job-candidates by a variety of measures – tests of verbal and numerical reasoning, and of personality, as well as "in-tray" exercises – and he has lately compared the under-40s' results with those of their elders.

So far, only one occupational group has provided him with enough candidates for the findings to be statistically respectable. It consists of finance executives, of whom he has tested 100 on the right side of the age bar, and 77 on the wrong side. But he says the results are similar for other types such as general managers and personnel and production people.

A further thing that proved much the same was the reasoning-test performance of the under- and over-40s. Apart from a marginal lead for the younger set on the numerical measure, there was no difference between them.

Where the two age-groups did contrast was in persuasiveness, friendliness, decisiveness and astuteness. The oldies came out stronger on all those counts, which would apparently give them an edge in the job of managing.

Nevertheless there were other factors which cast light on their unpopularity as executive recruits. For example, the oldies were more critical and controlling than the younger set, and less democratic, practical and conscientious in sticking to boring, repetitive tasks.

Hence it seems that, at the same time as being better equipped to work as managers, the over-40s are more difficult to manage. But that still leaves the question why senior executives of comparable years are averse to taking on the challenge of managing them.

The answer, Barrie Whitaker thinks, lies in another unexpected difference he has found between the two age-groups. The over-40s are more *competitive*. So senior recruiters, being of that nature themselves, probably see similarly inclined as well as better equipped older candidates as a greater threat to them in their own positions.

NOW to the table below, which gives indications of the pay prospects held out by different kinds of specialist work in the United Kingdom. The figures come from the latest survey made for the British Institute of Management by the Remuneration Economics consultancy.

Dated at January 1, the study covered 24,651 middle- and upper-ranked staff in 385 widely varied organisations throughout the UK, which together employ over a tenth of the country's workforce. Anyone wanting the weighty report, which costs £325, should contact Peter Stevens of the consultancy at 51 Portland Rd, Kingston-upon-Thames, Surrey KT1 2SH; tel 081-549 8726, fax 081-541 5705.

My table is confined to 11 specialisms commonly found in companies, and in each case shows the average total money pay – bonuses and such besides salaries – at seven levels of seniority from [illegible] downwards. Except for "Management services" which includes information technology, and "Company secretary" which covers in-house legal services, the specialisms should need no further explanation.

As may be seen, the one with the best top pay is financial management. But measured by the average prospects across all seven ranks, it is second to the company secretarial area. Third by the same measure comes marketing followed by management services, R and D, [illegible], sales, engineering design etc, purchasing, distribution, and manufacturing.

Average total money rewards (salary plus bonuses etc) in each of the following specialist functions — year to January 1991:

Rank of staff member	Financial	Management services	Company secretary	Engineering design etc	Marketing	Personnel	Distribution	Sales	Manufacturing	Research & developm't	Purchasing
	£	£	£	£	£	£	£	£	£	£	£
Director	60,166	56,357	53,810	52,811	52,228	50,585	49,218	48,818	46,180	48,173	45,001
Senior manager	44,941	43,672	52,260	39,656	48,205	44,525	40,999	45,434	38,999	44,740	38,821
Manager	37,012	36,532	42,435	33,134	36,590	33,855	30,830	34,119	33,597	38,413	33,192
Department head	34,215	32,373	34,649	29,424	33,230	29,790	26,807	30,242	26,743	32,518	27,522
Section head	28,374	28,510	31,604	26,521	26,935	27,217	26,105	26,030	24,525	30,566	27,129
Team leader	24,487	25,850	25,891	22,684	25,661	23,712	22,898	23,050	22,160	24,442	23,690
Senior staff	20,509	22,364	21,721	20,253	23,764	20,350	18,451	18,634	19,126	20,080	20,108

FINALLY to four jobs. All are being handled by headhunters who may not identify their clients. They therefore promise to abide by applicants' requests not to be named to the employer at this stage of the proceedings.

The first pair, being offered through Brian Standring, are for technical services managers initially based near London with a probability, though no certainty, of transfer to central Africa. They will work for an international group making and distributing products including food and beverages, and will be responsible for efficient and profitable production.

The more senior will require higher-level experience than the second. But both must be engineers who understand finance as well as up-to-date production methods such as total quality management and just-in-time manufacturing. They need to be French-speaking too.

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The other two jobs are in the London options-sales team of an international bank, and are offered through recruiter John Williams of Russell, Williams and Associates (45 St Mary's Rd, London W5 5RQ; tel 081-579 1082, fax 081-566 2024).

Both posts need high numeracy, with one also requiring success in marketing currency options, and the other the same in marketing interest-rate options with emphasis on caps and floors.

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Michael Dixon

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- Managing and developing a [illegible] team, co-ordinating international activities and working closely with senior operating, research and production management.
- Advising [illegible] technology developments, funding opportunities and changes in EEC [illegible] [illegible] directives and legislation [illegible] impact [illegible] business.

THE QUALIFICATIONS

- Graduate scientist, ideally [illegible] with UK [illegible] European patent attorney qualifications.
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ACCOUNTANCY COLUMN

Caparo chief finds himself in the lions' den

By David Waller

ON WEDNESDAY night last week, Daniel paid a visit to the lions' den. Daniel was Mr James Leek, chief executive of the Caparo Group. The den was Chartered Accountants Hall, packed full for the inaugural meeting of the London Practitioner Board of the London Society of Chartered Accountants.

The Caparo Group, a quoted industrial holdings company, is less well known for its products than for the legal decision that bears its name. Indeed, the Caparo decision which was taken in the House of Lords in January last year has become a landmark case for the profession.

The essence of last year's decision was that a company's auditors do not owe a duty of care to potential investors in the company or to the company's individual shareholders.

That decision sharply circumscribed the responsibilities of the auditing profession to third-party users of accounts. As a Coopers & Lybrand Deloitte booklet puts it: "An investor or shareholder who relies on the company's statutory accounts when deciding to purchase shares in the company has no claim against the auditors if the accounts are negligently prepared."

The decision followed a long battle with Touche Ross over the latter's audit of Fidelity, an electronics company bought by Caparo in November 1985 in a £13.5m hostile takeover bid. Soon afterwards it became clear that all was not well with the stock or the level of reported profits and the business was shut down and the Fidelity brand name sold.

Caparo then took legal action against Touche and against Messrs Stephen and Robert Dickman, directors of the company. The Dickman brothers were found guilty of fraud in February this year.

The original battle with Touche was fought over the technical legal point of whether that firm could owe a duty of care to Caparo. Caparo has recently launched a new legal action against Touche alleging negligence.

The battle with Touche was fought over whether it could owe a duty of care to Caparo

Accountants were quick to welcome last year's decision, which in reducing their responsibilities also reduced their exposure to potential liabilities. After years of mounting litigation against the profession, that initial reaction was understandable; but more recently euphoria has given way to concern. Industry has always resented paying for the audit, which is, after all, a statutory obligation rather than a business necessity.

The Caparo decision has exacerbated widespread disillusion about the purpose of an audit. Why have one at all if the auditors cannot be sued by third parties even if their work is negligent?

Mr Leek, a chartered accountant himself, observed that the profession did not know how to react to the decision. Many accountants recognised that public confidence in the profession was at stake, he said, but others were content to hide behind the letter of the newly defined law.

He complained that there had been no public statement of any significance on Caparo from the Institute of Chartered Accountants in England and Wales. "They have set up an auditing committee to examine the issues of the so-called expectation gap [between what the public thinks auditors are doing and what they themselves believe to be their duties], but the committee's terms of reference read rather like a PR protection exercise for our own profession, and in particular there is no mention of the Caparo case itself."

He accused the profession of sheltering behind two fine legal distinctions, saying either "a shareholder who loses money as a result of my negligent auditing cannot sue me, but the client company can", or "you can sue me on a prospectus [in which auditors explicitly accept liability for their audit reports] but not on a set of audited accounts".

Mr Leek had his own suggestions for the reform of the audit law. Here are the "Caparo Five".

- Auditors should be made liable for their negligence to those users of accounts who suffer loss after taking decisions based on those accounts. That would require a legislative change.
- Auditors should have a better defence against the increased liability which the first reform would bring about. "That defence is the abolition of the present three-line 'true and fair' audit report," Mr Leek argued. "It has become meaningless and leaves so much unsaid." Auditors should be encouraged to use qualified audit reports more frequently, where there is reasonable ground for discomfort on either the accuracy or presentation of the figures.

Auditors should give shareholders a summary of their report to management

- Auditors should be encouraged to make available to shareholders a summary of their report to management – a report comprising an auditor's statement of accounting and control deficiencies and the client's response to them. "This would enable shareholders to judge the quality and standard of accounting and control in their company."
- "The relationship between auditors and their clients should be made less cosy," Mr Leek argued. "To reinforce the auditor's independence there should, for publicly quoted companies, be a limit to the number of years for which an auditor may be reappointed, and the amount of fee income from services other than audit and taxation. It would also be helpful to find a better mechanism for shareholders' involvement in the actual appointment and selection of auditors. At present they are merely a rubber stamp for the directors' recommendation."
- There should be an independent review body to hear cases of auditors' negligence. The new Auditing Practices Board, successor to the Auditing Practices Committee, will not fulfil this role, although a greater number of non-accountants will be involved in setting auditing standards.

Mr Leek made clear that the process of reform could not, indeed should not, be left to the accountancy profession alone. He said it could only arrive as a result of consensus between institutions, private shareholders, the government, companies – and the profession itself. Given the difficulties that the various branches of the accountancy profession have in agreeing with themselves on anything, such a consensus is unlikely.

Nevertheless, Mr Leek's speech was a rare, constructive contribution to the expectation gap debate. Coming from the company whose actions triggered the debate in the first place, his suggestions are all the more welcome.

An eerie calm had descended on Chartered Accountants hall by the time Mr Leek sat down. Only one person dared challenge him. The others appeared struck dumb by the wisdom of what the Caparo chief executive had had to say – Daniel had silenced the lions.

ACCOUNTANCY APPOINTMENTS

NORTHANTS

c £40,000 + SUBSTANTIAL BONUS + CAR

Finance Director

This successful and developing retail group requires a Finance Director for its multi-branch stores division. With sales in excess of £30 million the division has a growing profitability profile and firm plans to invest further in its expansion.

Reporting to the Managing Director, you will be a major player in a young and dynamic management team responsible for the commercial stewardship and development of the business. You will have a broad span of control over the finance and accounting, information technology and audit functions with some 20 staff. With a keen eye on bottom line performance, the emphasis of the role must be on maintaining stringent financial control procedures plus expanding and enhancing the systems to produce good quality management information to enable the management team to control and run the operations to the high standards required of them.

You will be a qualified accountant with at least 5 years' in a senior line financial role. Ideally you should have experience in the retail sector or other multi-branch businesses. Most importantly though, your personal attributes must include a well attuned commercial awareness in addition to the drive and clear sighted ability to manage change and grow with the business.

Please send full personal and career details, including day time telephone number and current remuneration level, in confidence to Chris Haworth, Coopers & Lybrand Deloitte Executive Resourcing Ltd., 76 Shoe Lane, London EC4A 3JB, quoting reference no. CH818 on both envelope and letter.

Coopers & Lybrand Deloitte | Executive Resourcing

Real "Hands-On" Experience

FINANCIAL MANAGEMENT INFORMATION

Our client is part of a group which has been operating successfully on an international basis for more than 150 years. A UK Plc, which is now well-established on 4 continents, this organisation prides itself on the exceptional management development and international experience offered to its key employees.

Exceptional opportunities such as these have now arisen for two young (aged 25-30 years), ambitious, Qualified Accountants. One of these 2 year secondments will be based in Rio and the other based in Bogota. Reporting in each case to the local Finance Director (who is also an expatriate), your responsibilities will cover all aspects of Management Accounting and will include:

- local management information reporting and analysis
- group reporting of key factors on a regular, routine basis
- improved financial controls and reporting, both of manufacturing and service operations
- ad hoc projects (requiring commercial and systems skills as well as technical knowledge).

In order to perform and develop the above roles you must clearly demonstrate:

- knowledge of Spanish and/or Portuguese and preferably, experience of manufacturing
- [illegible]
- self-confidence, maturity and excellent interpersonal and communication skills.

It is anticipated that you will progress within the Group on the 2-3 year time horizon (either in the UK or overseas).

If you feel that you are looking for the career opportunity that will broaden your horizons culturally as well as commercially you should telephone Karen Wilson BA, ACMA on 071-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF, enclosing a recent CV and a note of your current salary.

Brazil/ Colombia

Expatriate Package

FMS

European Finance Director

Data Communications

Thames Valley

c£55k+Bonus+Car

A recently established European venture in computer networking is seeking a financial professional to complement the newly formed management team. This venture has an exclusive relationship with a US company which designs, manufactures, and markets fault tolerant products for the facility network market, and is a 1991 recipient of the DEC Target Award for product innovation. Since 1986, the US company has grown at an annual compound rate in excess of 70%.

Reporting to the European MD, this position will be commercially and technically demanding. Responsibilities will include active participation in the development of strategic plans; establishing lines of credit, systems, and processes appropriate to the development of European business; the negotiation and vetting of commercial contracts; and the preparation of statutory accounting returns that comply with US and European standards. Developing and maintaining relationships with senior management, customers, and business partners is also required.

Probably aged 32-40, the ideal candidate will combine professional accounting experience with hands-on financial management within a subsidiary or affiliate of a US corporation. Excellent interpersonal skills, sound commercial acumen and resourcefulness are essential to make an effective contribution to this pan-European venture.

In addition to the advertised salary, the benefit package will include a performance-related bonus and executive car.

Interested applicants should send a detailed CV to James Hyde, at the address below, quoting reference number 056J.

ST. JAMES ASSOCIATES

MANAGEMENT SELECTION

32 OLD BURLINGTON STREET, LONDON W1X 1LB FAX: 071-287 2821. TELEPHONE: 071-287 2820.

A GKR Group Company

FINANCIAL CONTROLLER

Just off M11 **to £40,000 + car**

A challenging new opportunity has emerged in the successful UK subsidiary of an international chemical company. They have now reached the point in their expansion programme where they need to strengthen the Management Team by the appointment of a Financial Controller. The person filling the post will be expected to play a prominent role in the formulation of future strategy.

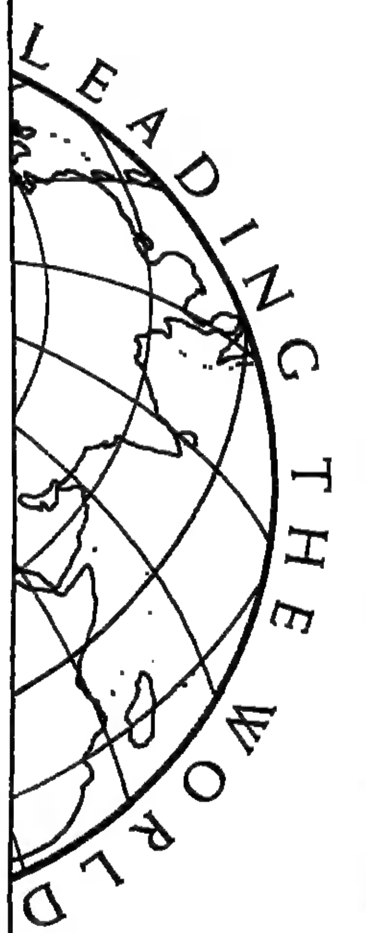
In addition to managing the accounts function and financial planning and reporting procedures, the successful applicant will be responsible for reviewing, upgrading and developing the accounting and management information systems. A key task will be to supervise the installation of computerised financial packages associated with two production units, one of which is now at the construction phase.

Candidates should be qualified accountants (ACA/ACMA) who are commercially aware and who can demonstrate drive, managerial ability and good communication skills. They should ideally have experience of working within a manufacturing organisation.

The remuneration package will include a salary of up to £40,000, a car and a range of fringe benefits.

Please write, with CV, quoting reference LL/H, to:
Albemarle Search and Selection, 18 Great Marlborough Street, London W1V 1AF.

ALBEMARLE SEARCH AND SELECTION



United Distillers is the world's leading spirits company. Our excellent financial performance in successive years is derived from maintaining a constant focus on a co-ordinated, highly innovative and strategic approach to all business practices.

To sustain this approach a new central finance team is being created reporting directly to the Finance Director, Operations. The Operations Division employs 6,000 people across 60 sites.

The new positions, based in Edinburgh, represent an excellent opportunity to make a clear impact on a modern organisation by initiating and carrying through actions to improve performance.

BUSINESS CONTROLLER Package c£45,000

The purpose of this job is to assist Operations to meet its business objectives by:

- developing and managing the Strategic Planning Process;
- facilitating the conversion of plans into achievements;
- evaluating the business performance based on realistic financial measures;
- appraising capital projects.

The successful candidate could be a qualified accountant with proven strategic ability and a strong commercial awareness, or possess an MBA or other relevant business qualification. Experience gained within a fast moving consumer goods company would be advantageous.

The ideal person will be results driven, energetic and proactive. He or she will have the necessary range of communication and interpersonal skills to ensure that the role is one of facilitator as well as controller. **Ref: AW112**

CHIEF ACCOUNTANT Package c £37,000

The purpose of this job is to provide a total Operations performance picture while ensuring that challenging budgets are set in order to maximise profit and cash generation. An initial key task will be to establish improved performance measures and relevant reporting across Operations.

The successful candidate will be a qualified accountant with several years' experience in a finance function.

The ideal person will have a hands-on approach, be analytical and detail orientated. He or she will also have the interpersonal and communication skills necessary for constructive liaison with other business units and all levels of management. **Ref: AW113**

The above posts have a benefits package which includes quality car, pension, life assurance and profit sharing, as well as relocation assistance where appropriate.

Candidates should write, in confidence, with full career and personal details including current salary, to our advisor in this assignment – Drew Watson, Executive Consultant, KPMG Management Consulting, 24 Blythswood Square, Glasgow, G2 4QS – quoting the relevant reference number.

UNITED DISTILLERS

The Spirits Company of Guinness PLC

Appointments Advertising appears every Wednesday and Thursday in the UK and Friday in the International edition.

Finance Director Designate

North London **£45,000 + Car + Benefits**

Part of the Strand/VCI Group, Video Collection International Ltd is the established market leader in the video sell through market, which in the last 2 years has successfully completed a management buyout.

As a result of the continuing growth of the business the company now seeks to recruit a commercially minded Finance Director to join the small but cohesive management team.

As a key member of that team, you will be expected to contribute at a strategic level to the future development of the company. Heading the finance function the role will encompass the ongoing development of information systems, budgeting and forecasting procedures, in addition to having overall responsibility for the existing Finance Department. This high profile role will include extensive liaison with the group finance function.

A qualified accountant, aged under 45, you must be able to demonstrate well-developed commercial and business acumen, in addition to sound technical skills. Preferably with FMCG experience you will also be an enthusiastic person possessing strong communication skills and the personality to establish credibility at a senior level.

Interested applicants should contact
Diane Forrester ACA at Michael Page Finance, Executive Selection Division, Page House, 39-41 Parker Street, London WC2B 5LH, quoting reference 401. Telephone: 071-831 2000.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

Finance Director

Due to internal promotion, an opportunity has arisen for a young ambitious recently qualified accountant to join a subsidiary of Reece PLC, the rapidly expanding distribution group of companies.

c £25,000 + Car

**Please apply, write full C.V. to:-
A.R. Wood,
Advanced Panels and Products Ltd.,
Grosvenor Road,
Gillingham Business Park,
Gillingham, Kent. ME8 OSA**

FINANCE DIRECTOR

SPECIALITY CHEMICALS - TEESSIDE

With an impressive track record of growth in recent years, Oxford Chemicals is poised for further substantial expansion both at home and overseas by continued organic development, and by acquisition. The business has facilities located near Oxford, Teesside and the USA with two thirds of sales coming from overseas.

The Company now wishes to appoint a senior level Finance Director to the Board, who will make a vigorous contribution to the direction and success of the Company. You will be expected to ensure that professional standards operate throughout, and that the financial information you generate is used effectively in managing the business. Experience of chemical or process industries would be preferred.

This is a unique opportunity to join a management team with aggressive growth ambitions for which a high level of drive and enthusiasm is a prerequisite.

The position commands an excellent remuneration package including a company car and benefits.

Candidates should write with their full career and salary details to:

Ms Maggie Henning, Oxford Chemicals Ltd.
2 Shires Road, Brackley, Northamptonshire, NN13 5EZ.

(Definitely no Agencies).

OXFORD CHEMICALS

NORWICH UNION FUND MANAGERS LIMITED

SHAREHOLDER SERVICES OFFICER

Salary Range £15450 to £19169

The Shareholder Services team within Norwich Union Fund Managers Ltd seek an enthusiastic, self-motivated individual to join them as Shareholder Services Officer. The primary responsibilities are those that arise from customer portfolios managed by our investment teams and the resulting accountability placed upon NUFM as an institutional investor.

Duties will include the monitoring and assessment of company proposals put before shareholders and the preparation of reports, analyses and research projects for management consideration, allowing voting decisions to be made at appropriate general meetings.

Reporting to the Shareholder Services Manager and, frequently, directly to the Chief Investment Manager, the successful applicant will be an innovative thinker, able to communicate effectively both internally and externally at all levels. The job will also require a substantial degree of liaison with the Association of British Insurers and the Institutional Shareholders Committee.

Applicants should have completed a professional qualification in one of the financial disciplines or hold a relevant degree. Company law and practice or company secretarial experience would prove particularly invaluable. However, the lack of a formal qualification need not be a barrier to a candidate offering significant experience in the investment, financial or legal fields.

The job will provide responsibility and excellent career prospects in a challenging and dynamic environment. The starting salary, based on experience, is backed by a first class benefits package including comprehensive relocation assistance where appropriate.

Write now with full CV to:

Deirdre Galvin, Assistant Personnel Manager
Norwich Union Insurance Group
Surrey Street, Norwich NR1 3NG.

or ring Julie Piper on (0603) 683519 for an informal chat.

Norwich Union is an equal opportunities employer and happy to consider applications from registered disabled persons.

NORWICH UNION

Financial Controller

Thames Valley c.30,000 package plus car

Microtouch Systems is an international market leader in touch-sensitive screen technology. Our fast moving hardware and software products make using computers as easy as pointing a finger. As demand grows, so does our need for responsible, enthusiastic people who want to make a real contribution within a dynamic innovative company.

The relocation of the European Headquarters and manufacturing facility to the Thames Valley provides an opportunity for a Financial Controller to join our high calibre team, expanding and supporting sales throughout Europe.

A graduate and qualified accountant in your late twenties or early thirties, you will be responsible for all aspects of the financial management of the company. You should have the *solid training provided* by a large company or accountancy practice together with the breadth of experience gained by working for a smaller company. You will be well versed in information technology and management information systems, be a hands-on manager and an enthusiastic team player. Excellent communication skills and the ability to handle rapid growth and change are firm requirements.

The competitive remuneration package includes private health care, company pension, life insurance and career development opportunities only a dynamic, rapidly growing company can provide.

If you feel you can make the difference please write today including your CV to MicroTouch Systems Limited, C/O Right Direction, Midsummer House, 409 Midsummer Boulevard, Central Milton Keynes MK9 2HE.

MicroTouch

TREASURER

Amsterdam — 30 - 40 — c£55,000+bens.

An exceptional opportunity has arisen within this publicly quoted company which specialises in credit management; our client is continuing to develop its market share both organically and through strategic acquisitions throughout Europe.

There is now an immediate requirement for an individual to establish their European Treasury function, reporting to the European Managing Director. Your primary responsibility will be to develop and manage the company's treasury activities in Europe. This will include liaising with international banks, the implementation and development of systems, non performing asset purchase, control of currency exposure and management of borrowings.

The ideal candidate will probably be a qualified ACA or ACT with at least three years treasury experience gained working for a multinational organisation or a leading financial institution. Good knowledge of The City and excellent presentation and negotiation skills are essential.

The package on offer will include a generous base salary, executive car, relocation assistance and private medical insurance.

For further information about this opportunity please contact Giles Daubeney in Amsterdam (010 3120 6444 655) or alternatively send your résumé to the following address.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Rivierstaete, Amsteldijk 166, 1079 LH Amsterdam
Telephone: 010 3120 6444 655
Fax no: 010 3120 6429 005

Financial Controller

Construction Industry

c. £35,000 + Car + Substantial Benefits

Northern Home Counties

Our client, a multi million pound subsidiary of a major construction group, is heavily involved in the public utilities sector.

Resulting from planned and profitable growth they wish to appoint a Financial Controller who will report directly to the Managing Director and possess the personal qualities to join the board in the medium term. Assisted by a small accounts team, primary responsibilities will include:-

★ Management of the Accounting Function.
★ Preparation of Financial & Management Accounts.
★ Budgeting. ★ Company Secretarial Duties.

Applicants, preferably in their mid-thirties with a relevant qualification, must have strong construction industry experience, ideally with knowledge of public utilities contracting and labour-only subcontract procedures. You should be a computer literate manager able to control and develop a fully integrated mainframe system.

Salary is negotiable with company car and benefits including BUPA, Profit Share, Non-Contributory Pension Scheme. Relocation expenses may be available for the appropriate candidate.

Please write, in complete confidence, quoting Ref. VP184, to B.R.C. Potterton, Vine Potterton Limited, 152/3 Fleet Street, London EC4A 2DH. Please list on a separate sheet the names of any companies which you would not wish your details to be forwarded to.

VINE POTTERTON
RECRUITMENT ADVERTISING

GRAND METROPOLITAN

....adding value

Director of Audit

Central London — To £75,000+Bonus+Car

1990 provided another milestone for the Grand Metropolitan Group, despite adverse economic conditions, as trading profit exceeded £1 billion for the first time. This remarkable achievement clearly underlines its worldwide reputation for growth, enterprise and innovation. Its powerful portfolio of international brands has ensured a leading position throughout world markets in the food, drinks and retail sectors. The strength of management across all functional disciplines is vital to the continued success of this dynamic organisation.

Due to the completion of an international secondment, there is a need to recruit an accomplished individual as Director of Audit of the group.

This is a high profile position, requiring exposure to, and involvement with, the Audit Committee, comprising world-renowned industrialists whose independence of thought plays a significant role in the development of group strategy.

The Director of Audit plays a pivotal role in both devising and promoting initiatives throughout the group which produce objective assessments of the adequacy of internal controls. Operating within a decentralised reporting structure, the role of the audit function combines compliance with company policy and the appraisal of operating performance involving Quality Assurance, Cost Effectiveness and Risk Assessment reviews.

The ideal candidate will have had significant audit experience within a large, *fast-moving, corporate environment.* Self-confidence, sound commercial acumen and practical application are essential characteristics. In addition, excellent verbal and written presentational skills will be vital within this challenging and demanding environment. Opportunities for career development into other senior financial management roles are excellent.

Interested applicants should send a detailed CV to James Hyde at the address below, quoting reference number 055J.

ST. JAMES ASSOCIATES
MANAGEMENT SELECTION
32 OLD BURLINGTON STREET, LONDON W1X 1LB FAX: 071-287 2821. TELEPHONE: 071-287 2820.
A GKR Group Company

Financial Controller

North West — **to £30,000, car.**

This long-established international Group of manufacturing and contracting companies has ambitious plans for growth within its niche markets and also into new product areas. The Finance Director now needs a strong No. 2 to support a wide-ranging programme of improvements in financial controls and management information.

The Role

- Play important part in developing enhanced systems, initially in key areas of standard costing, SOP and stock control.
- Provide enhanced monthly financial reports to assist management decision-making.
- Monitor performance of the operating units; consolidate results for Board and statutory reporting.
- Report to Finance Director; manage and motivate small finance team.

The Qualifications

- Graduate calibre or equivalent. Late 20's, early 30's.
- Sound post-qualification experience in manufacturing industry.
- Excellent systems awareness, including PC skills.
- Potential to grow with the company and assume further responsibility.

Please apply in writing, enclosing full c.v. Ref: M490.

ASB
SELECTION
Amethyst House, Spring Gardens, Manchester M2 1EA. Tel: 061-834 0618. Fax: 061-832 9123.

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For further information please call
Richard Jones 071-873 3460
Teresa Keane 071-873 3199
Graham Loveluck-Edwards 071-873 3607

Finance and Compliance Officer

City £40-50,000 + benefits & car

Our client is a Far East securities company which is part of a major group with diverse interests in industrial, commercial and financial markets. Its London office was established in 1987 and with the increasing internationalisation of capital markets there now exists a need to recruit a Finance and Compliance Officer.

The successful appointee would be responsible for ensuring the smooth running of back office operations, in accordance with current legal and professional requirements, ensuring that the operation complies with all relevant legislative requirements as set out by TSA.

The post would therefore suit a qualified accountant with significant experience in the compliance field and who has preferably worked within a multicultural environment. Key personal qualities are first class administration and communication skills, the experience and maturity to help establish a new operation and willingness to adopt a practical hands on approach. Age will not be a limiting factor and the position could suit a mature candidate looking for a long term career move.

Please write, in confidence, enclosing full career and salary details as well as day and home telephone numbers, to Diana Westlake at the address below, quoting reference T6666.

KPMG Selection & Search
70 Fleet Street, London EC4Y 1EU

ACCOUNTANTS FOR BANKING

London — To £30,000 + Banking Benefits

A number of our international banking clients currently seek recently qualified ACA's for a range of challenging appointments.

Applicants must have :-
- A major international firm training.
- Sound academic background.
- Previous exposure to banking/financial services clients.
- Well developed communication skills.

Alternatively, candidates aged up to c30 years who are already working within the treasury/capital markets sector may also be of interest.

For an initial confidential discussion please contact Alexandra Mutch on 071-836 3545, or write to her at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Alternatively, fax your details on 071-836 4942.

Your interest will not be divulged to client companies without your express permission.

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ROBERT HALF
THE HUMAN FACTOR

Financial Accountant

£22,268

SCF's income is approximately £50m per year, raised through 150 shops, 800 branches of volunteers, the corporate sector, government and a trading and record company. These funds are then used in over 50 countries including the UK on long term projects as well as major emergency relief programme.

We need a qualified and experienced Financial Accountant to take responsibility for the production of our statutory accounts and the development of procedures in line with the introduction of a new computer system. You will also be responsible for the training and supervision of 8 accounts staff.

Extensive experience in computer accounting systems and staff management is required, also a flexibility in approach to enable successful interaction with both professionals and volunteers.

For further details and an application form please write to the Recruitment Section, SCF, 17 Grove Lane, London SE5 8RD.

Closing date: 10th May 1991.

SCF aims to be an equal opportunities employer.

Save the Children

MANAGEMENT ACCOUNTANT

City Business

Package negotiable from £33,000

Can you bring your broadly based management accounting experience into a professional practice environment and enhance its ability to operate the commercial disciplines as an international business?

Do you have the strength and flexibility of personality to deal with professional and support personnel at all levels in a demanding "hands-on" results oriented position?

Our client is a leading international law firm based in the City. This new appointment will report to the Financial Controller and in addition to the day-to-day management of a staff of 8, will be concerned with the further development of accounting and financial management systems, procedures and reporting.

The successful candidate will be a qualified accountant (CIMA or other) probably aged 30 to 40 with broadly based computer experience including excellent spreadsheet skills.

Please send in strict confidence a comprehensive CV including details of current remuneration and day time telephone number, or telephone Peter Willingham, Managing Director, for a discussion, quoting ref. number 204.

Kidsons Impey Search & Selection Ltd. 29 Pall Mall, London SW1Y 5LP
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Excellent Career Development Opportunity

GROUP REPORTING MANAGER

Our client is a major international group and a global leader in premium branded consumer products. In marked contrast to general trends, this organisation continues to generate substantial profit growth (over 20% in 1990) with cash flow to match. Its success to date places it in a strong position, both in financial and management terms, to maintain and improve upon its pre-eminent position.

As a result of internal career moves, they are now seeking to recruit the key position of Group Reporting Manager, for their Central London Head Office team.

A broad based role managing a highly skilled team, the key areas you will be responsible for are:

- review of budgets and strategic plans
- preparation and analysis of monthly group operating results for submission to the main Board
- further enhancement and development of group reporting systems
- statutory reporting

This role will involve extensive liaison with senior management throughout the group.

The successful candidate will be a graduate, qualified ACA, with a good balance of technical, staff management and communication skills. In addition, you should be able to demonstrate the vision and innovation to isolate areas in need of development, and be able to contribute to decision making via the interpretation of reports and communication of key issues.

If you would like to discuss the above further, please contact Shirley Knight BA, MBA, ACMA on 071-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF, enclosing a recent CV and note of current salary.

ACA

£33-37,000

+ Car

Aged 27-30

FMS

Robert Neil Associates

Executive Search & Selection

Upton House, 9 Upton Avenue, St. Albans, Herts AL3 5EW

GROUP ACCOUNTANT

Berkshire

to £35,000 + Car + Benefits

Our client is a highly successful group of companies involved in the manufacture of a wide range of electro-mechanical and engineering products. The group has operations in the UK, America, Canada, Europe and Australasia.

As a result of significant growth over the last three years, the Group Financial Director now wishes to appoint an ambitious and experienced Senior Group Accountant to take responsibility for the finance function which is to be located at the new Head Office in Windsor.

This is an excellent opportunity for a qualified accountant, aged 28/35, to join a highly profitable company where success is rewarded both financially and with excellent career progression.

Candidates are asked to forward their current Curriculum Vitae, together with a hand-written covering letter to Robert Collier quoting Reference RN102.

FINANCIAL ACCOUNTANT

LONDON

c £35,000 + CAR + benefits

My Client is a long established Company. A £50M T/O PLC - they are a household name with an impressive record of growth and stability.

An attractive Management level opportunity is now available for an alert and enterprising qualifed ACCOUNTANT to head up all Financial Accounting and lead a 10 strong department.

The duties will include Production, review and Presentation of Statutory accounts - Financial Analysis and particularly involvement in Systems enhancement and development.

The Accountant will supervise a dedicated team of specialists - incorporating Credit Control, Banking, Cashiering, Invoicing, Wages/Salaries, Accounts Payable and Purchase Ledger.

Candidates should have particular skills in Spreadsheet reporting and the ability to develop a close liaison with other Managers and Non Accounting specialists in the Company. The preferred age is 25-35.

Applicants with previous experience in the Foods, Catering, Hotels, Brewing or Leisure industries may particularly find this opportunity appealing.

Interested ? Please Fax or send your C.V. to:-
ARTHUR FLITTER - Adviser to the Company.

Beaumont Accountancy Recruitment

Beaumont House,
Station Path,
STAINES, Middx.
TW18 4LA
0784 462131 (24 hours)
Fax 0784 464643

BMS

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CONTROLLER FINANZEN JAHRESVERTRAG

Als Teil einer bedeutenden britischen Aktiengesellschaft sind wir ein erfolgreiches in Großbritannien und der Bundesrepublik Deutschland ansässiges Produktions — und Vertriebsunternehem.

Für unsere deutsche Aktiengesellschraft suchen wir zum schnellstmöglichen Termin einen

CONTROLLER FINANZEN

Sein Dienstsitz wird die nahe Köln gelegene Hauptverwaltung sein. Er wird für die Finanzaufgaben dieses 150 Millionen DM umsetzenden Unternehmens verantwortlich sein, dem 6 in der Bundesrepublik und eine in Belgien ansässige Gesellschaft angehören.

Der ideale Kandidat ist ca. 30 Jahre alt und spricht fließend Deutsch. Wir erwarten mindestens fünf Jahre in Deutschland erworbene Erfahrung in einer führenden Position in Bereich Finanzen, idealerweise in einem schnell expandierenden Produktions — und/oder Vertriebsunternehmen.

Das Aufgabengebiet Umfaßt die Konzernkonsolidierung, das Erstellen von Budgets und Forecasts mit der Hilfe von entsprechenden Computersytem sowie die Zusammenarbeit mit den Controllen der einzelnen Gesellschaften, mit dem Ziel, die bestehenden Finanzsysteme und Steuerungmöglichkeiten zu verbessern.

Wir bieten Ihnen einen 12-Monatsvertrag und eine leistungsgerechte Vergütung in Höhe von 120 000 Bis 140 000 DM. Nach Ablauf des Jahres besteht die Möglichkeit, einen unbefristeten Anstellungsvertrag in Großbritannien oder einen der Unternehmen in Mitteleuropa zu erhalten.

Bitte senden Sie Ihre Bewerbungsunterlagen in Deutsch und Englisch unter Angabe der Telefonnummer, unter der Sie tagsüber erreichbar sind, an die folgvende Adresse:

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PJB

DIRECTOR OF FINANCIAL SERVICES

c£50,000 plus benefits

PJB Publications is an independent publisher of business news and information for the international bioscience industry, employing 120 people, based in Richmond, Surrey, with offices in New York and Tokyo.

PJB Publications is one of the most successful companies in its niche market and has grown dramatically during the past three years, with turnover increasing by over £4m to £9m in 1991.

The Managing Director wishes to appoint a Financial Director with business acumen and commercial flair to play a key role in the long term development of the business.

The major accountabilities will include:

- The production and implementation of short and long term financial plans to ensure the overall business plans are achieved
- A central role in the day-to-day running of the business
- The proactive management of the Financial, Service and Administration functions, totalling 25 staff
- The development and implementation of an in-house treasury function
- The production of high quality management information for the Board.

The successful candidate is likely to be a Chartered Accountant, aged over 35 with several years international commercial experience at senior level reporting to the Managing Director, and an effective track record of managing and leading people.

*Applicants should send a curriculum vitae in confidence to the **Personnel Manager, PJB Publications Ltd, 18/20 Hill Rise, Richmond, Surrey TW10 6UA.***

Our UK client is a major subsidiary of a successful Plc Group employing over 1,500 people. Group sales are running in excess of £175 million and the company has a strong position in its very competitive market where margins are tight and close financial control of the business is critical.

Financial Controller

– a high calibre financial manager with commercial business skills

circa £40,000 + car — ***Kent***

This appointment will provide a total management and financial accounting support function to a major subsidiary business with a turnover in excess of £80 million playing a key role in effectively integrating all accounting activities on site. Commercial awareness, strong technical accountancy skills and the ability to contribute to systems development will be essential candidate qualities but real success in this appointment will reflect the determination and ability of the person appointed to effectively monitor and control sales, cost of sales, margin, overheads, profit and bottom line performance.

A hands-on approach is essential and we need a strong person who will contribute meaningfully to the management of the business and be decisive, rather than an accountant who sits on the fence. The business moves fast and candidates, aged around 32-40, should be qualified and have a background of experience in a commercial or manufacturing environment where cost control has been a major business consideration.

Young Qualified Accountant

– a bright commercial accountant with high level potential

£28-30,000 + car — ***Kent***

This is an opportunity for a young qualified accountant to take on full management and accounting responsibility for a business unit with a turnover of around £10 million. Candidates must possess good technical accounting skills and be computer literate but we are not looking for a theorist. The person appointed must have a determined streak to put pressure on all internal areas of the business and to deliver sound financial control information to operational management. Experience in the transport or distribution business would be a particular advantage.

We need to move fast on these appointments. Brief, but comprehensive, career details by post or fax in absolute confidence to Gerry Cassell, New Appointments Group, The NAG Business Centre, Bell House, Bell Road, Sittingbourne, Kent, ME10 4DH. Tel: (0795) 424387. Fax: (0795) 428546.

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We are looking for a very capable Chartered Accountant to play a key role as part of a small Group head office finance team. The position involves gaining a thorough understanding of the Group's businesses, analytical review of their results, undertaking ad hoc special projects and assisting in the preparation of Group board reports, consolidations and budgets. The individual should be commercially aware, enthusiastic, with strong technical and communication skills, and preferably with 1-3 years post qualification experience in industry. Career opportunities within the Group are excellent.

If you consider you are appropriately qualified and are less than 36 years of age, please write enclosing a detailed C.V. (including salary) to:

Gary H. Reynard ACA at 40 Church Street, Staines, Middlesex TW18 4EP

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Exciting opportunities exist in contributing to the continuing growth and development of the Group, and full Board status could be achieved within 12 months.

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Miss Ursula Grimm,
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